

Assembly Bill No. 373

CHAPTER 670

An act to amend Sections 15102, 15106, 15107, 15108, 15266, 15300, 15301, 15303, 15320, 15321, 15323, 15334.5, 15340, 15357, and 15425 of, to add Sections 15101.75 and 15326.5 to, to repeal Sections 15302, 15330, 15331, 15332, 15333, 15334, 15335, 15336, 15341, 15342, 15343, 15344, 15346, 15347, 15348, 15349, 15349.1, 15349.2, 15351, 15353, 15354, 15355, 15356, 15358, 15359, 15359.1, and 15359.2 of, to repeal Article 6 (commencing with Section 15360), Article 7 (commencing with Section 15370), Article 8 (commencing with Section 15380), Article 9 (commencing with Section 15390), Article 10 (commencing with Section 15400), Article 11 (commencing with Section 15410), and Article 12 (commencing with Section 15420) of, Chapter 2 of Part 10 of Division 1 of Title 1 of, and to repeal and add Section 15350 of, the Education Code, to amend Sections 53312.7, 53313, 53313.4, 53313.5, 53313.6, 53313.9, 53314.6, 53316.2, 53317, 53318, 53319, 53320, 53321, 53321.5, 53322.4, 53323, 53324, 53325, 53325.1, 53325.7, 53326, 53327, 53328, 53328.3, 53329, 53330.3, 53330.5, 53330.7, 53332, 53336, 53339, 53339.2, 53339.3, 53339.5, 53339.6, 53339.7, 53339.8, 53340, 53340.2, 53341.5, 53343, 53343.1, 53344, 53345, 53345.3, 53354, 53355, 53356, 53356.1, 53356.3, 53359.5, 53360, 53362.5, 53363.7, 53364.2, 53364.5, and 53753 of, to add Section 53356.1.5 to, and to repeal Sections 53313.85, 53342 and 53344.2 of, the Government Code, to amend Section 3712 of the Revenue and Taxation Code, and to amend Sections 3110, 3113, 3114.5, 3115.5, and 3117.5 of, and to add Section 8837 to, the Streets and Highways Code, relating to local government.

[Approved by Governor October 13, 2007. Filed with
Secretary of State October 13, 2007.]

LEGISLATIVE COUNSEL'S DIGEST

AB 373, Wolk. Local government: community facilities improvement.

(1) Existing law authorizes the governing board of a school district or community college district to authorize an election for the issuance of bonds for that district and the issuance of those bonds pursuant to specified requirements. Existing law authorizes the formation of a school facilities improvement district (SFID) by a school district or community college district and the election for the issuance of bonds for that district and the issuance of those bonds pursuant to specified requirements.

This bill would conform, except for specified differences, the requirements for bonds, including the process through which those bonds are ultimately issued, for SFIDs to the requirements for bonds for school districts and community college districts, including, but not limited to, authorizing the

governing board of the school district or community college district that formed the SFID to issue bonds on behalf of that SFID. The prohibition on the boundaries of a SFID including all or part of the territory of a specified community facilities district would be deleted. The board of supervisors of a county in which a SFID is located would be required to file the resolution adopted by that board that made specific provisions related to a SFID applicable with the California Debt Investment Advisory Commission. The requirement that notice of a hearing of the governing board of a school district or community college district on the establishment of a SFID be posted in 3 public places within the proposed SFID for at least 14 days prior to the time of the hearing would be deleted. The governing board of a school district or community college district that has established a SFID would be authorized to amend the resolution it adopted to establish the SFID in specified ways.

(2) Existing law, the Mello-Roos Community Facilities Act of 1982, permits a local agency to initiate proceedings to establish a district if it has first considered and adopted local goals and policies, including, among others, a statement of the priority that various kinds of public facilities have for financing, as specified.

This bill would revise this statement to include the priority that services, in addition to public facilities, have for financing.

(3) Existing law authorizes local governments to establish community facilities districts for recreational program services, library services, maintenance services for elementary and secondary schoolsites and structures, and the operation and maintenance of museums and cultural facilities, and permits a special tax to be levied for any of these services upon approval of all voters, as specified. Existing law provides that a vote on a special tax to support these services is not subject to the requirement that a specified number of persons have been registered to vote for each of the 90 days preceding the close of the protest hearing. Existing law prohibits bonds to be issued to fund any of these services.

The bill would revise the vote requirements to provide that a vote on a special tax to be levied to fund these services be of the registered voters, as specified.

Existing law also authorizes local governments to establish community facilities districts for the maintenance of parks, parkways and open space, flood and storm protection services, as specified, among others.

This bill would additionally authorize local governments to establish community facilities districts for the maintenance and lighting of parks, parkways, and open space, and would add streets and roads to these provisions. The bill would also authorize the local government to establish a community facilities district for flood and storm protection services, including the plowing and removal of snow.

The bill would revise the prohibition against the issuance of bonds for community facilities districts, to authorize a local government to issue bonds to fund capital facilities to be used in providing the specified services.

(4) Existing law provides that a territory within a community facilities district established for the acquisition or improvement of school facilities for a school district is exempt from any fee, increase in any fee other than a cost-of-living increase, or other requirement first levied, increased, or imposed subsequent to the date that the resolution of formation creating the community facilities district is adopted until a specified time.

This bill would revise this provision to provide that any territory within a community facilities district established for the acquisition or improvements of school facilities for a school district is exempt from any fee, as specified, pursuant to a specified chapter of the Education Code.

The bill would also revise the length of the term of the exemption, as specified.

(5) Existing law authorizes a community facilities district to finance the purchase, expansion, improvement, or rehabilitation of any real or other tangible property, as specified. Existing law provides various examples of facilities that a community facilities district may finance, including the acquisition, improvement, rehabilitation or maintenance of any real or other tangible property, as specified, and the payment in full of liens, assessment, obligation, or indebtedness, as specified, among others.

This bill would revise these provisions to specify that a community facilities district may finance the purchase, expansion, improvement or rehabilitation of any real or other tangible property, as specified. The bill would also revise the examples of facilities that a community facilities district may finance to include the acquisition, improvement, rehabilitation, or maintenance of any real or other tangible property for flood and storm protection services, as specified. The bill would also require written consent from a public agency other than the agency conducting the proceedings, under specified circumstances.

The bill would include, among the examples of permissible facilities, the acquisition, improvement, rehabilitation, or maintenance of property for the removal or remedial action for the cleanup of any hazardous substance released, or threatened to be released, into the environment, as specified.

(6) Existing law authorizes a legislative body to provide for adjustments in ad valorem property taxes within a community facilities district only if 2 specified findings are made at the conclusion of a public hearing. One of the required findings is that an ad valorem property tax is levied on property within a proposed community facilities district for the exclusive purpose of making lease payments or paying principal or interest on bonds or indebtedness, as specified.

This bill would revise this required finding to include a finding that an ad valorem property tax is, or will be, levied on property within a proposed community facilities district for the exclusive purpose or making lease payments on an existing lease, or paying principal or interest on outstanding bonds or other existing indebtedness, as specified, and would make conforming changes to other provisions of law.

(7) Existing law authorizes a community facilities district to finance the acquisition, improvement, rehabilitation, or maintenance of any real or other

tangible property, whether privately or publicly owned, for the removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment.

This bill would repeal this provision.

(8) Existing law provides that all or part of the cost of any school facilities financed by a community facilities district may be shared by the State Allocation Board, as specified, but that if the State Allocation Board shares in any part of the cost of the school facilities, the ownership of those facilities and the real property that the facilities are located upon shall be transferred to the state, and the community facilities district is required to make specified reductions in bonds or special taxes, as specified, provided that the reductions are consistent with the provisions of the resolution of intention, formation, consideration and to incur bonded indebtedness, as specified.

This bill would specify that whenever the State Allocation Board shares in any part of the cost of the school facilities, the ownership of those facilities and the real property that the facilities are located upon are held as provided in the Leroy F. Greene School Facilities Act of 1998, and would eliminate the requirement that the community facilities district make reductions in bonds or special taxes. The bill would also provide that the resolution of intention, formation, consideration, and to incur bonded indebtedness may provide for cost sharing by the State Allocation Board and for appropriate adjustment of the principal amount of any bond issue or issues and of the rate and method of apportionment of any special tax, as specified.

(9) Existing law authorizes a community facilities district to finance facilities that are to be owned or operated by an entity other than the agency that created the district or services to be provided by an entity other than the agency that created the district, or any combination thereof, if a joint community facilities agreement or a joint exercise of powers agreement is adopted, as specified.

This bill would require that the facilities be owned or operated by a public agency, and would specify that a joint community facilities agreement or a joint exercise of powers agreement with a state or federal agency is not required if the local agency with primary responsibility for formation of a district is the agency that would, in the absence of the district, deal directly with the state or federal agency in the provision of the facilities or services, or if the local agency with primary responsibility for formation of a district enters into a joint agreement with the local agency that would, in the absence of the district, deal directly with a state or federal agency in the provision of the facilities.

(10) Existing law defines various terms in connection with community facilities districts, including “landowner,” as specified.

This bill would revise the definition of landowner to specify that a public agency is not a landowner or owner of land unless either (a) the land owned by a public agency would be subject to a special tax, as specified, (b) the public agency has acquired the property by purchase or negotiation in connection with foreclosure of the special tax lien and it is intended that the property will be transferred to private ownership, (c) the public agency

makes specified statements in the proceedings, or (d) the land owned by a public agency is within the territory of a military base that is closed or being closed.

(11) Existing law requires the legislative body to institute proceedings for the establishment of a community facilities district when either a written request for the establishment of a district, signed by 2 members of the legislative body, describing the territory that is proposed for inclusion in the area and specifying the type or types of facilities and services to be financed by the district is filed with the legislative body, or a petition requesting the institution of the proceedings signed by the requisite number of registered voters, as specified, is filed with the clerk of the legislative body, or when a petition requesting the institution of the proceedings signed by landowners owning the requisite portion of the area of the proposed district, as specified, is received. Existing law also requires a written request or petition requesting the institution of the proceedings be accompanied by the payment of a fee in an amount that the legislative body determines is sufficient to compensate the legislative body for all costs incurred in conducting the proceedings, as specified.

This bill would require the petitions signed by registered voters or landowners to include a description of the boundaries of the territory that is proposed for inclusion in the community facilities district and a specification of the type or types of facilities and services to be financed by the district. The bill would provide that a written request or a petition signed by registered voters need not be acted on until the legislative body receives the payment of a fee that it determines, within 45 days, to be sufficient to compensate the legislative body for all costs incurred in conducting the proceedings. The bill would also provide that the legislative body may not act upon a petition by landowners until a fee is paid that the legislative body determines, within 45 days, to be sufficient to compensate the legislative body for all costs incurred in conducting the proceedings, as specified.

(12) Existing law requires a petition requesting the institution of proceedings for the establishment of a community facilities district to, among other things, state the type or types of facilities and services to be financed by the district and be signed by not less than 10% of the registered voters residing within the territory proposed to be included within the district or by owners of not less than 10% of the area of land proposed to be included within the district.

This bill would require the petition to state the type or types of facilities and services proposed to be financed by the district and authorizes the petition to include proposals for a resolution to be adopted by the legislative body. The bill would also require the petition to be signed by either not less than 10% of the registered voters residing within the proposed territory or not less than 10% of the owners of the area of land proposed to be included within the district and not proposed to be exempt from the special tax.

(12.5) Existing law requires proceedings for the establishment of a community facilities district to be instituted by the adoption of a resolution of intention to establish the district, which must, among other things, state

that, except where funds are otherwise available, a special tax sufficient to pay for all facilities and services, secured by recordation of a continuing lien against all nonexempt real property in the district, will be annually levied within the area. That statement must, in the case of any special tax to pay for public facilities and to be levied against any parcel used for private residential purposes, among other things, specify that under no circumstances will the special tax levied against specified parcels be increased by more than 10% as a consequence of delinquency or default by the owner of any other parcel or parcels within the district.

This bill would require the statement to specify that under no circumstances will the special tax levied in any fiscal year against specified parcels, be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the district by more than 10% above the amount that would have been levied in that fiscal year had there never been any delinquencies or defaults.

(13) Existing law requires the clerk of the legislative body to publish a notice of hearing, as specified, and authorizes the clerk to give the same notice of the hearing by first-class mail, at least 15 days before the hearing, to each registered voter and to each landowner within the proposed district.

This bill would delete the requirement that the notice by first-class mail be mailed at least 15 days before the hearing.

(14) Existing law authorizes interested persons or taxpayers to make oral or written protest against the establishment of a district, the extent of the district, or the furnishing of specified types of public facilities or services within the district at the hearing on the matter. Existing law requires written protest to be filed with the clerk of the legislative body on or before the time fixed for the hearing.

This bill would authorize any person to make an oral or written protest, and would require only written protest not personally presented by the author of the protest at the time of the hearing to be filed with the clerk of the legislative body at or before the time fixed for the hearing.

(15) Existing law authorizes the legislative body to modify the resolution of intention to establish the community facilities district at a public hearing.

This bill would prohibit the legislative body from modifying the resolution of intention to increase the maximum special tax or to add territory to the proposed district.

(16) Existing law authorizes the legislative body to submit a proposition to establish or change the appropriations limit, as specified, of a community facilities district, to the qualified electors of a proposed or established district, to become effective if approved by the qualified electors voting on the proposition. Existing law requires the limit to be adjusted for changes in the cost of living and changes in populations.

This bill would revise this section to require the limit to be adjusted for changes in the per capita personal income in the state and changes in populations, as specified.

(17) Existing law requires the legislative body to submit the levy of any special taxes to the qualified electors of the proposed community facilities

district subject to the levy or to the qualified electors of the territory to be annexed by the community facilities district subject to the levy in the next general election or in a special election to be held at least 90 days, but not more than 180 days, following the adoption of the resolution of formation and requires the legislative body to provide the resolution of formation, a certified map of sufficient scale and clarity to show the boundaries of the district, and a sufficient description to allow the election official to determine the boundaries of the district, to the official conducting the election within 3 business days after the adoption of the resolution of formation. Existing law specifies the allocation of the votes, if the vote is to be by landowners of the district, as specified.

This bill would also require the legislative body to provide the resolution deeming it necessary to incur bonded indebtedness, if one is adopted.

This bill would require the ballots to be executed by an owner of a parcel, or by a lawfully appointed representative of an owner, as specified, and would further specify the allocation of landowner votes.

(18) Existing law provides that when an election involves a school district and the vote is to be by the landowners of the proposed district, the legislative body of the school district may authorize an official of the district to conduct the election, including preparation of analysis and compilation of arguments.

This bill would instead provide that when the vote is to be by the landowners of the proposed district, the legislative body of the local agency may authorize an official of the local agency to conduct the election, including the preparation of analysis and compilation of arguments.

(19) Existing law provides that a special tax may be levied to provide services only if at least 12 persons shall have been registered to vote within the territory of the proposed community facilities district for each of the 90 days preceding the close of the protest hearing and if $\frac{2}{3}$ of the votes cast upon the question of levying the tax are in favor of levying the tax.

This bill would repeal this provision.

(20) Existing law requires the clerk of the legislative body, upon determining that the required $\frac{2}{3}$ votes cast are in favor of levying the special tax, to record the notice of a special tax lien, as specified.

This bill would require the clerk of the legislative body to record the notice within 15 days of a landowner election or within 90 days of a registered voter election.

(21) Existing law authorizes the legislative body, at any time after conducting a public hearing, to eliminate one or more of the types of facilities and services specified in the resolution of intention to establish the district, but may not finance any types of facilities and services that were not specified in the resolution of intention.

This bill would revise this provision to refer to the resolution of formation of the district, instead of the resolution of intention.

(22) Existing law requires the legislative body, if it receives a petition signed by 25% or more of the registered voters residing in the district or by the owners of 25% or more of the territory within the district, to adopt a resolution of consideration within 40 days of the payment of the fee

determined by the legislative body, as specified, reflecting the changes in the community facilities district the petition requested.

This bill would require a petition by landowners to be by 25% or more of the owners of land within the district not exempt from the special tax, and would provide an additional reason to petition for a change in the district. The bill would also require the legislative body to determine the required fee within 45 days of receipt of a petition filed by landowners, and would permit the legislative body to require a fee, that must be determined within 45 days, in the case of a petition filed by registered voters.

(23) Existing law permits protests against a proposal to change a community facilities district or special tax to be made in writing by any interested person, and requires written protest to be filed with the clerk of the legislative body on or before the time fixed for the hearing.

This bill would only require written protests not personally presented by the author at the hearing to be filed with the clerk of the legislative body on or before the time fixed for the hearing.

(24) Existing law requires the resolution of intention to annex a territory or to provide for future annexation of territory to, among other requirements, specify any special taxes that would be levied within the territory proposed to be annexed or to be annexed in the future and requires a special tax proposed to pay for public facilities financed with bonds secured by the existing community facilities district to be the same as the tax levied in the existing district for that purpose. The resolution of intention must also specify any alteration in the special tax rate levied within the existing community facilities district as a result of the proposed annexation.

This bill would require a special tax proposed to pay for public facilities with bonds that have already been issued and that are secured by the existing community facilities district to be the same as the tax levied in the existing district for that purpose. The bill would also specify that these provisions may not be construed to limit the levy of a special tax within the territory to be annexed or to be annexed in the future to provide new or additional services beyond those supplied within the existing territory of the district or to pay for new or additional public facilities with or without bond financing. The bill would also require the resolution of intention to specify in quantitative terms any change in the legislative body's expectations with respect to the probable special tax rate to be levied within the existing community facilities district as a result of the proposed annexation.

(25) Existing law authorizes protests against a resolution of intention to annex a territory or to provide for future annexation of a territory to be made in writing by any interested person, and requires written protest to be filed with the clerk of the legislative body on or before the time fixed for the hearing.

This bill would only require written protests not personally presented by the author at the hearing to be filed with the clerk of the legislative body on or before the time fixed for the hearing.

(26) Existing law prohibits any further proceedings to be taken on the annexation of territory for a period of one year from the decision of the

legislative body at the hearing on the annexation if a specified number or groups of persons, including the owners of $\frac{1}{2}$ or more of the area of land in the territory included in the existing district, or the owners of $\frac{1}{2}$ or more of the area of land in the territory proposed to be annexed or proposed to be annexed in the future, file written protests with the legislative body.

This bill would specify that the land in the existing district, and the land in the territory proposed to be annexed or proposed to be annexed in the future, in which $\frac{1}{2}$ or more of the owners have filed protests against annexation not be exempt from the special tax, and would clarify that no further proceedings to annex the same territory, or to authorize the same territory to be annexed in the future, take place.

(27) Existing law provides that when the question of levying a special tax within the areas proposed to be annexed into an existing community facilities district appears on the same ballot as the question of annexation of the same territory to a school district, the effectiveness of each measure may be made contingent on the passage of the other.

This bill would provide that when the question of levying a special tax within the areas proposed to be annexed into an existing community facilities district appears on the same ballot as the question of annexation of the same territory to a local agency, rather than a school district, the effectiveness of each measure may be made contingent on the passage of the other.

(28) Existing law, if a canvass of returns of any election on the question of levying a special tax, as specified, shows that $\frac{2}{3}$ of the votes cast are in favor levying the special tax, requires the legislative body to determine that the area proposed to be annexed is added to, and part of, the existing community facilities district with full legal effect, and the legislative body may levy any special tax within the annexed territory, as specified in the resolution of intention to annex.

This bill would specify that the legislative body may levy any special tax within the annexed territory, as specified in the resolution of intention to annex and in the ordinance adopted, as specified, to levy special taxes.

(29) Existing law provides that properties or entities of the state, federal, or other local governments are exempt from the special tax, except as specified.

Existing law requires the special tax to be collected in the same manner as ordinary ad valorem property taxes are collected, but that the legislative body of the district may waive delinquency penalties and redemption penalties if it makes specified determinations.

This bill would specify that properties that a local agency is a landowner of, as specified, are not exempt from the special tax.

This bill would authorize the legislative body of the district to waive all or any specified portion of the delinquency penalties and redemption penalties if it makes specified determinations.

(30) Existing law requires the legislative body levying the special tax to designate an office, department, or bureau of the local agency to be responsible for annually preparing the current roll of special tax levy obligations. Existing law requires the office, department, or bureau to furnish

a Notice of Special Tax to any individual requesting the notice or any owner of property subject to a special tax levied by the local agency, within 5 working days of receiving the request, and permits the local agency to charge a reasonable fee, not to exceed \$10, for this service. Existing law requires the notice to be in a specified format, that may be modified as needed, for specified reasons.

This bill would authorize the local agency to charge a fee for furnishing the Notice of Special Tax, not to exceed \$15. The bill would also authorize the form of the notice to be modified as needed to clearly and accurately describe a tax rate that will change with a change in use of the parcel, or to clearly and accurately describe a tax that will be levied only once.

(31) Existing law permits a legislative body to fix and collect charges for any community facilities district or zone thereof, in the same manner as for miscellaneous extended services in county service areas.

This bill would repeal this provision.

(32) Existing law requires a Notice of Cancellation of Special Tax Lien to, among other things, state the book and page number in the records of the county recorder where the Notice of Special Tax Lien being canceled is recorded.

This bill would specify that the Notice of Cancellation of Special Tax Lien must state the book and page number or the document or instrument number in the records of the county recorder where the Notice of Special Tax Lien being canceled is recorded.

(33) Existing law requires the legislative body, whenever the legislative body deems it necessary for the community facilities district to incur bonded indebtedness, as specified, to set forth certain items in a resolution, including the time and place for a hearing by the legislative body on the proposed debt issue.

This bill would revise this provision to require the legislative body to set forth the time and place for a hearing by the legislative body on the proposed debt authorization. The bill would also prohibit the issuance of bonds to fund specified services, except that bonds may be issued to fund capital facilities to be used in providing those services.

(34) Existing law requires a $\frac{2}{3}$ vote for the issuance of revenue bonds, as specified.

This bill would instead provide that a $\frac{2}{3}$ vote is required for the issuance of revenue bonds.

(35) Existing law authorizes the legislative body, by resolution adopted prior to the issuance of debt, as specified, to covenant for the benefit of debtholders to commence and diligently pursue any foreclosure action regarding delinquent installments of any amount levied as a special tax for the payment of interest or principal of any bonds that are issued, as specified.

This bill would authorize the legislative body to pursue a foreclosure action regarding delinquent installments or any amount levied as a special tax, in whole or in part, for the payment of interest or principal of any debt that is incurred, as specified.

(36) Existing law authorizes the legislative body to bring a foreclosure action to collect, among other debts, any outstanding debts, special taxes, interest, penalties, as specified.

This bill would specify allocation of the sale price in a foreclosure action where the property is sold for less than the amount necessary to redeem plus costs, as defined, and would provide that if the property is sold for at least the total amount necessary to redeem plus costs, as defined, the sale of the property extinguishes the delinquent special taxes, interest, penalties, and costs included in the sales price.

(37) Existing law requires the legislative body, with respect to any bonds sold, as specified, and until the final maturity of bonds, to notify the California Debt and Investment Advisory Commission within 10 days if, among other events, funds are withdrawn from a reserve fund to pay principal and interest on the bonds beyond levels set by the California Debt and Investment Advisory Commission.

This bill would instead require the legislative body to notify the California Debt and Investment Advisory Commission when, among other events, funds are withdrawn from a reserve fund to pay principal and interest on the bonds that reduces the reserve fund to less than the reserve requirement.

(38) Existing law authorizes the community facilities district to sell bonds, as specified, at the time or in the manner the legislative body deems to be in the public interest, except that all bonds must be sold on sealed proposals to the highest bidder, after advertising for bids by publication of notice of sale, as specified, not less than 10 days prior to the date of sale in a newspaper of general circulation circulating in the area.

This bill would authorize the community facilities district to sell bonds on sealed proposals or through generally accepted electronic means to the highest bidder after advertising for bids by publication of notice of sale, as specified.

(39) Existing law prohibits the issuance of refunding bonds if the total net interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds exceeds the total net interest cost to maturity on the bonds to be refunded plus the principal amount of the bonds to be refunded.

Existing law also provides that the designated costs of issuing refunding bonds may be paid by the purchaser of the refunding bonds or may be paid from any other legally available source, including, among other sources, any available revenues of the legislative body, except that any amounts paid by the local agency other than from proceeds of sale of the refunding bonds or from interest or other gains derived from the investment of the proceeds of sale shall be added to the total net interest cost to maturity on the refunding bonds in determining whether the issuance of the refunding bonds comply with specified law.

This bill would instead provide that refunding bonds may not be issued if the total interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds exceeds the total interest cost to maturity on the bonds to be refunded plus the principal amount of the bonds to be refunded, and would provide that any amounts paid by a local agency other

than from the proceeds of sale of the refunding bonds or from interest or other gains derived from the investment of the proceeds shall be added to the total interest cost to maturity on the refunding bonds in determining whether the issuance of the refunding bonds complies with specified law.

(40) Existing law requires any savings achieved through the issuance of refunding bonds to be used by the legislative body to reduce the special taxes that were levied to retire the bonds being refunded, and requires the legislative body, at the time it makes a determination to issue the refunding bonds, to determine and cause to be made any reductions in the annual tax levy in the district, as specified.

This bill would provide that if further facilities or services are authorized to be financed by the district, savings achieved through the issuance of refunding bonds may be used by the legislative body for those purposes, but if no further facilities or services are authorized to be financed by the district, any savings achieved through the issuance of refunding bonds shall be used by the legislative body to reduce the special taxes levied to retire outstanding bonds. The bill would also provide that savings achieved through the issuance of refunding bonds, as specified, may be used in proportions determined by the legislative body, and would define the term “savings achieved through the issuance of refunding bonds” to mean the difference between the principal and interest to maturity of the refunded bonds and the principal and interest to maturity of the refunding bonds. The bill would also provide that if savings are to be used for authorized facilities, bonds may be issued that are secured by those savings.

(41) Existing law provides, in the case of property that is tax defaulted, that the deed conveys title to the purchaser free of all encumbrances of any kind, except a number of specified liens, assessments, and taxes.

This bill would provide that the title of a piece of property that is sold in tax default is not free of unpaid assessments that are being collected through a foreclosure action, as specified, and that the sale shall not nullify, eliminate, or reduce the amount of a foreclosure judgment, as specified.

(42) Existing law prohibits a legislative body from ordering a modification in the boundaries of a district shown on a previously filed map of the district unless the legislative body describes the proposed modification by reference to an amended map of the district boundary that shall be approved by resolution, and the amended map must be filed with the county recorder not later than 10 days after the resolution of the legislative body approving the amended boundary.

This bill would require the amended map to be filed with the county recorder not later than 15 days after the resolution of the legislative body approving the amended boundary.

(43) Existing law provides that, with regard to community facilities districts, within 15 days after the determination, as specified, that the requisite number of voters is in favor of the levy of a special tax, the clerk of the legislative body shall execute and record a notice of special tax lien in the office of the county recorder of each county that all or any part of the community facilities district is located, as specified.

This bill would provide that this notice shall be filed within 15 days in the case of a landowner vote, or 90 days, in the case of a registered voter election.

(44) Existing law, with regard to community facilities districts, provides that from the date of the recording in the office of the county recorder, as specified, or if the community facilities district is located in 2 or more counties, then from the date of the recording in the office of the county recorder where a notice is last recorded, all persons are deemed to have notice of the contents of the Notice of Special Tax Lien. Existing law also provides that, upon the date of the last recording, the notice of special tax lien imposes a lien upon all nonexempt real property in the district.

This bill would provide that, in the case of a community facilities district that is located in 2 or more counties, all persons are deemed to have notice of the contents of the Notice of Special Tax Lien, with respect to parcels located within each county, from the date of the recording in the office of each county recorder where a notice recorded. This bill would also provide that upon the date the recording is made, the Notice of Special Tax Lien imposes a lien upon all nonexempt real property in the district within that county.

(45) Existing law requires the clerk of the legislative body, if any proceedings subsequent to the approval by the voters of a special tax result in a change to the approved special tax lien, as specified, to record an amendment to the original Notice of Special Tax Lien and any amendments thereto, and to reference the book and page and recording date of that notice and any amendments to it, as specified.

This bill would instead require the Special Tax Lien and any amendments thereto to reference the recorder's serial or document number and recording date of the notice and any amendments to it, as specified.

(46) Existing law specifies the procedures for the foreclosure sale of a piece of property, and the allocation of the proceeds to owed installments, interest, penalties, costs, fees, and other delinquent charges that are owed at the time of the sale.

This bill would specify the distribution of the sale proceeds from a foreclosure sale of property by the tax collector. The bill would provide that if the property is sold for at least, the total amount necessary to redeem plus costs, as defined, the sale of the property would distinguish assessment installments, interest, penalties, and costs included in the sale price, but if the property is sold for less than the total amount necessary to redeem plus costs, as defined, the proceeds must be distributed.

(47) This bill would also make other technical, nonsubstantive changes to laws relating to the act.

The people of the State of California do enact as follows:

SECTION 1. Section 15101.75 is added to the Education Code, to read:

15101.75. (a) This chapter shall apply to bond elections for and the issuance of bonds for school facilities improvement districts created pursuant to Chapter 2 (commencing with Section 15300) to the extent that this chapter does not conflict with Chapter 2. In the event of a conflict, the provisions of Chapter 2 shall supersede the provisions of this chapter, but only to the extent of the conflict.

(b) A bond adopted by the voters pursuant to this part prior to January 1, 2008, shall be governed by this part as it read on December 31, 2007.

SEC. 2. Section 15102 of the Education Code is amended to read:

15102. The total amount of bonds issued pursuant to this chapter and Chapter 1.5 (commencing with Section 15264) shall not exceed 1.25 percent of the taxable property of the school district or community college district, or the school facilities improvement district, if applicable, as shown by the last equalized assessment of the county or counties in which the district is located. For purposes of this section, the taxable property of a district for any fiscal year shall be calculated to include, but not be limited to, the assessed value of all unitary and operating nonunitary property of the district, which shall be derived by dividing the gross assessed value of the unitary and operating nonunitary property within the district for the 1987–88 fiscal year by the gross assessed value of all unitary and operating nonunitary property within the county in which the district is located for the 1987–88 fiscal year, and multiplying that result by the gross assessed value of all unitary and operating nonunitary property of the county on the last equalized assessment roll.

SEC. 3. Section 15106 of the Education Code is amended to read:

15106. A unified school district or community college district may issue bonds that, in aggregation with bonds issued pursuant to Section 15270, shall not exceed 2.5 percent of the taxable property of the school district or community college district, or the school facilities improvement district, if applicable, as shown by the last equalized assessment of the county or counties in which the district is located.

In computing the outstanding bonded indebtedness of a unified school district or community college district for all purposes of this section, any outstanding bonds shall be deemed to have been issued for elementary school purposes, high school purposes, and community college purposes, respectively, in the respective amounts that the proceeds of the sale of those outstanding bonds, excluding any premium and accrued interest received on that sale, were or have been allocated by the governing board of the unified school district or community college district to each of those purposes respectively.

(a) For the purposes of the State School Building Aid Law of 1952 (Chapter 6 (commencing with Section 16000)) with respect to applications for apportionments and apportionments filed or made prior to September 15, 1961, and to the repayment thereof, Chapter 4 (commencing with Section 15700), inclusive, only, a unified school district shall be considered to have a bonding capacity in the amount permitted by law for an elementary school

district and a bonding capacity in the amount permitted by law for a high school district.

(b) For purposes of this section, the taxable property of a district for a fiscal year shall be calculated to include, but not be limited to, the assessed value of all unitary and operating nonunitary property of the district, which shall be derived by dividing the gross assessed value of the unitary and operating nonunitary property within the district for the 1987–88 fiscal year by the gross assessed value of all unitary and operating nonunitary property within the county in which the district is located for the 1987–88 fiscal year, and multiplying the result by the gross assessed value of all unitary and operating nonunitary property of the county on the last equalized assessment roll. In the event of the unification of two or more school districts or community college districts subsequent to the 1987–88 fiscal year, the assessed value of all unitary and operating nonunitary property of the unified district or community college district shall be deemed to be the total of the assessed value of the taxable property of each of the unifying districts as that assessed value would be determined under Section 15102.

SEC. 4. Section 15107 of the Education Code is amended to read:

15107. In computing the limitation of indebtedness of a school district, community college district, or school facilities improvement district of any kind or class up to this time or in the future formed or organized, hereinafter in this section referred to as the “bonding district,” the outstanding indebtedness of any previously existing district all or any part of which forms a component part of the bonding district and the outstanding indebtedness of any district for which any territory that has become a part of the bonding district is liable shall be excluded and shall not be deemed, for the purposes of computing the limitation of indebtedness under Section 15102 or 15106, to constitute outstanding indebtedness of the bonding district, except to the extent that the outstanding indebtedness has been expressly assumed by the bonding district by vote of not less than two-thirds of the electors of the bonding district voting at an election at which the proposition of assuming the indebtedness is voted upon. Nothing contained in this section shall operate to release any property from liability for taxes to pay the principal and interest of indebtedness incurred by any component district or for which any territory that has become a part of the bonding district is liable and in which the taxable property is located at the time of the incurring of the indebtedness. It is the intent of the Legislature to provide in this section a special method of computing the limitation of indebtedness of school districts or community college districts irrespective of liability of the area embraced within the school districts for the payment of any bonded indebtedness. This section does not authorize the issuance of bonds in excess of the limits expressed in Section 15334.5.

SEC. 5. Section 15108 of the Education Code is amended to read:

15108. For the purpose of determining the limitation of indebtedness of a school district, community college district, or school facilities improvement district of any kind or class under Section 15102 or 15106, that portion of the bonded indebtedness of the district for which another district or territory

in another district is liable shall be excluded and shall not be deemed to constitute outstanding bonded indebtedness of the district.

SEC. 6. Section 15266 of the Education Code is amended to read:

15266. (a) As an alternative to authorizing and issuing bonds pursuant to Chapter 1 (commencing with Section 15100) or Chapter 2 (commencing with Section 15300), the governing board of a school district, community college district, or a school facilities improvement district may decide, pursuant to a two-thirds vote and subject to Section 15100 to pursue the authorization and issuance of bonds pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution and subdivision (b) of Section 18 of Article XVI of the California Constitution. An election may only be ordered on the question of whether bonds of a school district, community college district, or a school facilities improvement district shall be issued and sold pursuant to subdivision (b) of Section 18 of Article XVI of the California Constitution at a primary or general election, a regularly scheduled local election at which all of the electors of the school district, community college district, or school facilities improvement district, as appropriate, are entitled to vote, or a statewide special election.

(b) Upon adopting a resolution to incur bonded indebtedness pursuant to subdivision (b) of Section 18 of Article XVI of the California Constitution and after the question has been submitted to the voters, if approved at the election, the bonds shall be issued pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution and this chapter, and the governing board may not, regardless of the number of votes cast in favor of the bond, subsequently proceed exclusively under Chapter 1 (commencing with Section 15100) or under Chapter 2 (commencing with Section 15300), as appropriate. Where not inconsistent, the provisions of Chapter 1 (commencing with Section 15100) or Chapter 2 (commencing with Section 15300), as appropriate, shall apply to this chapter.

SEC. 7. Section 15300 of the Education Code is amended to read:

15300. This chapter provides a method for the formation of school facilities improvement districts consisting of a portion of the territory within a school district or community college district, for the conduct of a bond election within a school facilities improvement district, and for the issuance of general obligation bonds by a school district or community college district for a school facilities improvement district.

SEC. 8. Section 15301 of the Education Code is amended to read:

15301. (a) A school district or community college district that has a community facilities district formed pursuant to the Mello-Roos Community Facilities Act of 1982, as set forth in Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code, that has as one of its purposes the construction of school facilities within a portion of the territory of the school district or community college district, may proceed under this chapter.

(b) The boundaries of a school facilities improvement district formed pursuant to this chapter shall include all of the portion of the territory within the boundaries of the school district or community college district that is

not located within the boundaries of the community facilities district as described in subdivision (a).

(c) A school district or community college district may proceed under this chapter without meeting the requirements of subdivisions (a) and (b) if the governing board of the school district or community college district determines that it is necessary and in the best interest of the school district or community college district, respectively, to form a school facilities improvement district pursuant to this chapter to finance school facilities and purposes authorized pursuant to Section 15100. As a part of that determination, the governing board of the school district or community college district shall make a finding that the overall cost of financing the bonds issued pursuant to this part would be less than the overall cost of other school facilities financing options available to the school district or community college district, including, but not limited to, issuing bonds pursuant to the Mello-Roos Communities Facilities Act of 1982 (Ch. 2.5 (commencing with Sec. 53311), Pt. 1, Div. 2, Title 5, Gov. C.). The governing board of the school district or community college district proceeding under this subdivision shall define the boundaries of the school facilities improvement district to include any portion of territory within the jurisdiction of the school district or community college district.

(d) The governing body of a school district or community college district that proceeds under this chapter shall comply with the filing requirements established by Section 54902 of the Government Code. A plat or map that is filed pursuant to this subdivision shall specifically identify property, located within the school district or community college district, that is not located within the improvement district established by the school district or community college district pursuant to this chapter.

SEC. 9. Section 15302 of the Education Code is repealed.

SEC. 10. Section 15303 of the Education Code is amended to read:

15303. (a) This chapter shall not be operative in a county or counties until the board of supervisors of the county in which the county superintendent of schools having jurisdiction over the school district or community college district in which the school facilities improvement district is located, and the board of supervisors of any county in which the school facilities improvement district is located, by resolution adopted by a majority vote of each affected board of supervisors, makes this chapter applicable in the county or counties.

(b) A board of supervisors adopting a resolution pursuant to subdivision (a) shall file that resolution with the California Debt and Investment Advisory Commission established pursuant to Section 8855 of the Government Code.

SEC. 11. Section 15320 of the Education Code is amended to read:

15320. Whenever the governing board of a school district or community college district meeting the requirements set forth in Section 15301 determines that a school facilities improvement district is necessary, the governing board shall adopt a resolution of intention that states all of the following:

(a) The intention of the governing board to form the proposed school facilities improvement district.

(b) The general purposes for which the proposed school facilities improvement district is to be formed.

(c) The estimated cost of the school facilities improvement project.

(d) That any taxes levied for the purpose of financing the general obligation bonds issued to finance the project shall be levied exclusively upon the lands in the proposed school facilities improvement district.

(e) That a map showing the exterior boundaries of the proposed school facilities improvement district is on file with the governing board of the school district or community college district and is available for inspection by the public. The boundaries of the school facilities improvement district shall meet the requirements set forth in subdivision (b) of Section 15301.

(f) The time and place for a hearing by the governing board on the formation of the proposed school facilities improvement district.

(g) That any interested persons, including all persons owning lands in the school district or community college district, or in the proposed school facilities improvement district, may appear and be heard.

SEC. 12. Section 15321 of the Education Code is amended to read:

15321. Notice of the hearing shall be given by publishing a copy of the resolution of intention in a newspaper of general circulation published in each affected county, pursuant to Section 6066 of the Government Code, the first publication shall be at least 14 days prior to the time fixed for the hearing. No notice other than that required by this section need be given.

SEC. 13. Section 15323 of the Education Code is amended to read:

15323. At the hearing, the governing board of the school district or community college district may adopt a resolution proposing modifications, consistent with Section 15302, of the purpose stated in the resolution of intention. A resolution proposing modifications shall describe the proposed modifications, state the change, if any, in the estimated cost of carrying out the purpose, and shall fix a time and place for the hearing by the governing board.

SEC. 14. Section 15326.5 is added to the Education Code, to read:

15326.5. The governing board may amend a previously adopted resolution ordering the formation of a school facilities improvement district to change or add to the purposes for which the school facilities improvement district is formed and the projects to be financed and to increase or decrease the amount of bonds that may be issued for those purposes. Bonds may be issued only for the purposes stated in, and in an amount not exceeding the amount stated in, a proposition submitted to and approved by the voters of the school facilities improvement district.

SEC. 15. Section 15330 of the Education Code is repealed.

SEC. 16. Section 15331 of the Education Code is repealed.

SEC. 17. Section 15332 of the Education Code is repealed.

SEC. 18. Section 15333 of the Education Code is repealed.

SEC. 19. Section 15334 of the Education Code is repealed.

SEC. 20. Section 15334.5 of the Education Code is amended to read:

15334.5. Notwithstanding any other provision of law, no bonded indebtedness may be incurred pursuant to this part in an amount that would cause the bonded indebtedness of the territory of the school facilities improvement district or of the school district or community college district of which the school facilities improvement district is a part, to exceed the limitation of indebtedness specified in Sections 15102 and 15106. No bonded indebtedness may be incurred pursuant to this part in an amount that would cause the bonded indebtedness of the territory of the school facilities improvement district to exceed the limitation of indebtedness specified in Sections 15102 and 15106.

SEC. 21. Section 15335 of the Education Code is repealed.

SEC. 22. Section 15336 of the Education Code is repealed.

SEC. 23. Section 15340 of the Education Code is amended to read:

15340. (a) After adopting the resolution ordering the formation of the school facilities improvement district, the governing board may provide for and call a special bond election within the school facilities improvement district pursuant to Chapter 1 (commencing with Section 15100) and, if applicable, pursuant to Chapter 1.5 (commencing with Section 15264), except as otherwise provided in this chapter, for the approval of a proposition of whether an indebtedness of the school facilities improvement district shall be incurred through the issuance of bonds for the school facilities improvement district. The election shall be deemed to be a school district or community college district election, as appropriate, for purposes of Chapter 1 (commencing with Section 15100).

(b) The indebtedness and the bonds shall be payable from taxes to be levied and collected upon lands located within the school facilities improvement district. The bonds shall be deemed to be bonds of the school district or community college district that created the school facilities improvement district, issued for the benefit of the land within the school facilities improvement district.

SEC. 24. Section 15341 of the Education Code is repealed.

SEC. 25. Section 15342 of the Education Code is repealed.

SEC. 26. Section 15343 of the Education Code is repealed.

SEC. 27. Section 15344 of the Education Code is repealed.

SEC. 28. Section 15346 of the Education Code is repealed.

SEC. 29. Section 15347 of the Education Code is repealed.

SEC. 30. Section 15348 of the Education Code is repealed.

SEC. 31. Section 15349 of the Education Code is repealed.

SEC. 32. Section 15349.1 of the Education Code is repealed.

SEC. 33. Section 15349.2 of the Education Code is repealed.

SEC. 34. Section 15350 of the Education Code is repealed.

SEC. 35. Section 15350 is added to the Education Code, to read:

15350. (a) Except as otherwise provided in this chapter, bonds of a school facilities improvement district shall be authorized, offered for sale, issued and paid, and taxes levied and collected for payments related to those bonds, and the proceeds of the bonds and the collected taxes deposited and held, as provided in Chapter 1 (commencing with Section 15100), and in

compliance with Chapter 1.5 (commencing with Section 15264), if applicable.

(b) Whenever in Chapter 1 (commencing with Section 15100) or Chapter 1.5 (commencing with Section 15264) a reference is made to the bonds of the district, that reference shall mean, in the case of bonds of a school facilities improvement district, bonds authorized by the electors of the school facilities improvement district, and issued on behalf of the school facilities improvement district.

(c) Whenever in Chapter 1 (commencing with Section 15100) or Chapter 1.5 (commencing with Section 15264) a reference is made to assessment or taxation of property in the district for payment of the bonds, that reference shall mean, in the case of bonds of a school facilities improvement district, the assessment and taxation of property located only within the school facilities improvement district for payment of amounts due related to bonds of the school facilities improvement district.

SEC. 36. Section 15351 of the Education Code is repealed.

SEC. 37. Section 15353 of the Education Code is repealed.

SEC. 38. Section 15354 of the Education Code is repealed.

SEC. 39. Section 15355 of the Education Code is repealed.

SEC. 40. Section 15356 of the Education Code is repealed.

SEC. 41. Section 15357 of the Education Code is amended to read:

15357. (a) The board of supervisors shall establish within the county treasury a school facilities improvement fund for each school facilities improvement district for the purpose of depositing the proceeds of the bonds of the school facilities improvement district. The board of supervisors also shall establish within the county treasury a school facilities improvement bond interest and sinking fund for each school facilities improvement district.

(b) Whenever in Chapter 1 (commencing with Section 15100) a reference is made to the interest and sinking fund of the district or the building fund of the district, that reference shall mean, in the case of bonds of a school facilities improvement district, the interest and sinking fund of the school facilities improvement district or the building fund of the school facilities improvement district, as appropriate.

SEC. 42. Section 15358 of the Education Code is repealed.

SEC. 43. Section 15359 of the Education Code is repealed.

SEC. 44. Section 15359.1 of the Education Code is repealed.

SEC. 45. Section 15359.2 of the Education Code is repealed.

SEC. 46. Article 6 (commencing with Section 15360) of Chapter 2 of Part 10 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 47. Article 7 (commencing with Section 15370) of Chapter 2 of Part 10 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 48. Article 8 (commencing with Section 15380) of Chapter 2 of Part 10 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 49. Article 9 (commencing with Section 15390) of Chapter 2 of Part 10 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 50. Article 10 (commencing with Section 15400) of Chapter 2 of Part 10 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 51. Article 11 (commencing with Section 15410) of Chapter 2 of Part 10 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 52. Article 12 (commencing with Section 15420) of Chapter 2 of Part 10 of Division 1 of Title 1 of the Education Code is repealed.

SEC. 53. Section 15425 of the Education Code is amended to read:

15425. Notwithstanding any other provision of this chapter, it is the intent of the Legislature that the rate of taxes levied annually upon the property in a school facilities improvement district formed pursuant to subdivision (a) of Section 15301 not be greater than the rate of the annual special tax levied upon parcels in the same school district or community college district that are part of a community facilities district formed pursuant to the Mello-Roos Community Facilities Act of 1982, as set forth in Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code that has as one of its purposes the construction of school facilities within a portion of the territory of the school district or community college district. A determination by the governing board of a school district or community college district, made at the time bonds are sold pursuant to this part, that the rate of taxes to be levied annually upon the property in the school facilities improvement district, based upon tax rate estimates prepared pursuant to Section 9401 of the Elections Code, does not exceed the rate of the annual special tax levied upon parcels in the same school district or community college district that are part of a community facilities district formed pursuant to the Mello-Roos Community Facilities Act of 1982, shall be conclusive evidence of compliance with the intent of this section.

SEC. 54. Section 53312.7 of the Government Code is amended to read:

53312.7. (a) On and after January 1, 1994, a local agency may initiate proceedings to establish a district pursuant to this chapter only if it has first considered and adopted local goals and policies concerning the use of this chapter. The policies shall include at least the following:

(1) A statement of the priority that various kinds of public facilities and services shall have for financing through the use of this chapter, including public facilities to be owned and operated by other public agencies, including school districts, and services to be provided by other public agencies.

(2) A statement concerning the credit quality to be required of bond issues, including criteria to be used in evaluating the credit quality.

(3) A statement concerning steps to be taken to ensure that prospective property purchasers are fully informed about their taxpaying obligations imposed under this chapter.

(4) A statement concerning criteria for evaluating the equity of tax allocation formulas, and concerning desirable and maximum amounts of special tax to be levied against any parcel pursuant to this chapter.

(5) A statement of definitions, standards, and assumptions to be used in appraisals required by Section 53345.8.

(b) The goals and policies adopted by any school district pursuant to subdivision (a) shall include, but not be limited to, a priority access policy that gives priority attendance access to students residing in a community

facilities district whose residents have paid special taxes that have, in whole or in part, financed the construction of school district facilities. The degree of priority shall reflect the proportion of each school's financing provided through the community facilities district. In developing a priority access policy for residents of a community facilities district, a school district may incorporate a school district attendance policy including criteria for student assignment such as goals to achieve ethnic, racial, or socioeconomic diversity; federal, state, or court mandates; transportation needs, safe pedestrian routes; grade levels for which facilities were designed; and ensuring students continuity of schooling within any single school year.

SEC. 55. Section 53313 of the Government Code is amended to read:

53313. A community facilities district may be established under this chapter to finance any one or more of the following types of services within an area:

(a) Police protection services, including, but not limited to, criminal justice services. However, criminal justice services shall be limited to providing services for jails, detention facilities, and juvenile halls.

(b) Fire protection and suppression services, and ambulance and paramedic services.

(c) Recreation program services, library services, maintenance services for elementary and secondary schoolsites and structures, and the operation and maintenance of museums and cultural facilities. A special tax may be levied for any of the services specified in this subdivision only upon approval of the registered voters as specified in subdivision (b) of Section 53326. An election to enact a special tax for recreation program services, library services, and the operation and maintenance of museums and cultural facilities may be conducted pursuant to subdivision (c) of Section 53326.

(d) Maintenance and lighting of parks, parkways, streets, roads, and open space.

(e) Flood and storm protection services, including, but not limited to, the operation and maintenance of storm drainage systems, plowing and removal of snow, and sandstorm protection systems.

(f) Services with respect to removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment. As used in this subdivision, the terms "remedial action" and "removal" shall have the meanings set forth in Sections 25322 and 25323, respectively, of the Health and Safety Code, and the term "hazardous substance" shall have the meaning set forth in Section 25281 of the Health and Safety Code. Community facilities districts shall provide the State Department of Health Services and local health and building departments with notification of any cleanup activity pursuant to this subdivision at least 30 days prior to commencement of the activity.

A community facilities district tax approved by vote of the landowners of the district may only finance the services authorized in this section to the extent that they are in addition to those provided in the territory of the district before the district was created. The additional services may not supplant services already available within that territory when the district was created.

Bonds may not be issued pursuant to this chapter to fund any of the services specified in this section, although bonds may be issued to fund capital facilities to be used in providing these services.

SEC. 56. Section 53313.4 of the Government Code is amended to read:

53313.4. Any territory within a community facilities district established for the acquisition or improvement of school facilities for a school district shall be exempt from any fee, increase in any fee other than a cost-of-living increase as authorized by law, or other requirement first levied, increased, or imposed pursuant to Chapter 6 (commencing with Section 17620) of Part 10.5 of Division 1 of Title 1 of the Education Code or under Chapter 4.7 (commencing with Section 65970) of Division 1 of Title 7, by or to benefit any other school district, except as otherwise negotiated between the school districts. That exemption shall apply until a date 10 years following the most recent issuance of bonds by the community facilities district or, if no bonds have ever been issued by the community facilities district, a date 10 years following the formation of the community facilities district.

SEC. 57. Section 53313.5 of the Government Code is amended to read:

53313.5. A community facilities district may also finance the purchase, construction, expansion, improvement, or rehabilitation of any real or other tangible property with an estimated useful life of five years or longer or may finance planning and design work that is directly related to the purchase, construction, expansion, or rehabilitation of any real or tangible property. The facilities need not be physically located within the district. A district may not lease out facilities that it has financed except pursuant to a lease agreement or annexation agreement entered into prior to January 1, 1988. A district may only finance the purchase of facilities whose construction has been completed, as determined by the legislative body, before the resolution of formation to establish the district is adopted pursuant to Section 53325.1, except that a district may finance the purchase of facilities completed after the adoption of the resolution of formation if the facility was constructed as if it had been constructed under the direction and supervision, or under the authority of, the local agency that will own or operate the facility. For example, a community facilities district may finance facilities, including, but not limited to, the following:

- (a) Local park, recreation, parkway, and open-space facilities.
- (b) Elementary and secondary schoolsites and structures provided that the facilities meet the building area and cost standards established by the State Allocation Board.
- (c) Libraries.
- (d) Child care facilities, including costs of insuring the facilities against loss, liability insurance in connection with the operation of the facility, and other insurance costs relating to the operation of the facilities, but excluding all other operational costs. However, the proceeds of bonds issued pursuant to this chapter shall not be used to pay these insurance costs.
- (e) The district may also finance the construction or undergrounding of water transmission and distribution facilities, natural gas pipeline facilities, telephone lines, facilities for the transmission or distribution of electrical

energy, and cable television lines to provide access to those services to customers who do not have access to those services or to mitigate existing visual blight. The district may enter into an agreement with a public utility to utilize those facilities to provide a particular service and for the conveyance of those facilities to the public utility. "Public utility" shall include all utilities, whether public and regulated by the Public Utilities Commission, or municipal. If the facilities are conveyed to the public utility, the agreement shall provide that the cost or a portion of the cost of the facilities that are the responsibility of the utility shall be refunded by the public utility to the district or improvement area thereof, to the extent that refunds are applicable pursuant to (1) the Public Utilities Code or rules of the Public Utilities Commission, as to utilities regulated by the commission, or (2) other laws regulating public utilities. Any reimbursement made to the district shall be utilized to reduce or minimize the special tax levied within the district or improvement area, or to construct or acquire additional facilities within the district or improvement area, as specified in the resolution of formation.

(f) The district may also finance the acquisition, improvement, rehabilitation, or maintenance of any real or other tangible property, whether privately or publicly owned, for flood and storm protection services, including, but not limited to, storm drainage and treatment systems and sandstorm protection systems.

(g) The district may also pay in full all amounts necessary to eliminate any fixed special assessment liens or to pay, repay, or defease any obligation to pay or any indebtedness secured by any tax, fee, charge, or assessment levied within the area of a community facilities district or may pay debt service on that indebtedness. When the amount financed by the district is to pay a tax, fee, charge, or assessment imposed by a public agency other than the one conducting the proceedings, and if the amount provided to the other public agency will not be entirely used to pay off or prepay an assessment lien or special tax obligation pursuant to the property owner's legal right to do so, the written consent of the other public agency is required. In addition, tax revenues of a district may be used to make lease or debt service payments on any lease, lease-purchase contract, or certificate of participation used to finance authorized district facilities.

(h) Any other governmental facilities that the legislative body creating the community facilities district is authorized by law to contribute revenue to, or construct, own, or operate. However, the district shall not operate or maintain or, except as otherwise provided in subdivisions (e) and (k), have any ownership interest in any facilities for the transmission or distribution of natural gas, telephone service, or electrical energy.

(i) (1) A district may also pay for the following:

(A) Work deemed necessary to bring buildings or real property, including privately owned buildings or real property, into compliance with seismic safety standards or regulations. Only work certified as necessary to comply with seismic safety standards or regulations by local building officials may be financed. No project involving the dismantling of an existing building

and its replacement by a new building, nor the construction of a new or substantially new building may be financed pursuant to this subparagraph. Work on qualified historical buildings or structures shall be done in accordance with the State Historical Building Code (Part 2.7 (commencing with Section 18950) of Division 13 of the Health and Safety Code).

(B) In addition, within any county or area designated by the President of the United States or by the Governor as a disaster area or for which the Governor has proclaimed the existence of a state of emergency because of earthquake damage, a district may also pay for any work deemed necessary to repair any damage to real property directly or indirectly caused by the occurrence of an earthquake cited in the President's or the Governor's designation or proclamation, or by aftershocks associated with that earthquake, including work to reconstruct, repair, shore up, or replace any building damaged or destroyed by the earthquake, and specifically including, but not limited to, work on any building damaged or destroyed in the Loma Prieta earthquake that occurred on October 17, 1989, or by its aftershocks. Work may be financed pursuant to this subparagraph only on property or buildings identified in a resolution of intention to establish a community facilities district adopted within seven years of the date on which the county or area is designated as a disaster area by the President or by the Governor or on which the Governor proclaims for the area the existence of a state of emergency.

(2) Work on privately owned property, including reconstruction or replacement of privately owned buildings pursuant to subparagraph (B) of paragraph (1), may only be financed by a tax levy if all of the votes cast on the question of levying the tax, vote in favor of levying the tax, or with the prior written consent to the tax of the owners of all property that may be subject to the tax, in that case the prior written consent shall be deemed to constitute a vote in favor of the tax and any associated bond issue. Any district created to finance seismic safety work on privately owned buildings, including repair, reconstruction, or replacement of privately owned buildings pursuant to this subdivision, shall consist only of lots or parcels that the legislative body finds have buildings that were damaged or destroyed by the earthquake cited pursuant to subparagraph (B) of paragraph (1) or by the aftershocks of that earthquake.

(j) A district may also pay for the following:

(1) Work deemed necessary to repair and abate damage caused to privately owned buildings and structures by soil deterioration. "Soil deterioration" means a chemical reaction by soils that causes structural damage or defects in construction materials including concrete, steel, and ductile or cast iron. Only work certified as necessary by local building officials may be financed. No project involving the dismantling of an existing building or structure and its replacement by a new building or structure, nor the construction of a new or substantially new building or structure may be financed pursuant to this subparagraph.

(2) Work on privately owned buildings and structures pursuant to this subdivision, including reconstruction, repair, and abatement of damage

caused by soil deterioration, may only be financed by a tax levy if all of the votes cast on the question of levying the tax vote in favor of levying the tax. Any district created to finance the work on privately owned buildings or structures, including reconstruction, repair, and abatement of damage caused by soil deterioration, shall consist only of lots or parcels on which the legislative body finds that the buildings or structures to be worked on pursuant to this subdivision suffer from soil deterioration.

(k) A district may also finance the acquisition, improvement, rehabilitation, or maintenance of any real or other tangible property, whether privately or publicly owned, for the purposes of removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment. As used in this subdivision, the terms “remedial action” and “removal” shall have the meaning set forth in Sections 25322 and 25323, respectively, of the Health and Safety Code, and the term “hazardous substance” shall have the meaning set forth in Section 25281 of the Health and Safety Code.

SEC. 58. Section 53313.6 of the Government Code is amended to read:

53313.6. The legislative body may provide for adjustments in ad valorem property taxes pursuant to Section 53313.7 within a community facilities district only after making both of the following findings at the conclusion of the public hearing held pursuant to Article 2 (commencing with Section 53318):

(a) That an ad valorem property tax is, or will be, levied on property within a proposed community facilities district for the exclusive purpose of making lease payments on an existing lease or paying principal or interest on outstanding bonds or other existing indebtedness, including state school building loans, incurred to finance construction of capital facilities.

(b) That capital facilities to be financed by the community facilities district will provide the same services to the territory of the community facilities district as were provided by the capital facilities mentioned in subdivision (a).

SEC. 59. Section 53313.85 of the Government Code is repealed.

SEC. 60. Section 53313.9 of the Government Code is amended to read:

53313.9. (a) All or any part of the cost of any school facilities financed by a community facilities district may be shared by the State Allocation Board pursuant to Section 17718.5 of the Education Code.

(b) If the State Allocation Board shares in any part of the cost of the school facilities, the ownership of those facilities and the real property upon which the facilities are located shall be held as provided in the Leroy F. Greene School Facilities Act of 1998 (Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of the Education Code).

(c) The resolutions of intention, formation, consideration, and to incur bonded indebtedness, adopted pursuant to subdivision (b) of Section 53338 or Sections 53321, 53325.1, 53334, 53339.2, 53345, and 53351 may provide for cost sharing by the State Allocation Board and for appropriate adjustment of the principal amount of any bond issue or issues and of the rate and method of apportionment of any special tax.

SEC. 61. Section 53314.6 of the Government Code is amended to read:

53314.6. (a) In connection with the financing of services and facilities pursuant to subdivision (f) of Section 53313 and subdivision (k) of Section 53313.5, the legislative body may establish a revolving fund to be kept in the treasury of the district. Except as provided in subdivision (b), moneys in the revolving fund shall be expended solely for the payment of costs with respect to those services and facilities. The revolving fund may be funded from time to time with moneys derived from any of the following:

(1) Proceeds of the sale of bonds issued pursuant to Article 5 (commencing with Section 53345), notwithstanding any limitation contained in Section 53345.3.

(2) Any taxes or charges authorized under this chapter.

(3) Any other lawful source.

(b) Subject to the provisions of any resolution, trust agreement or indenture providing for the issuance of district bonds for the purposes set forth in subdivision (k) of Section 53313.5, the legislative body may withdraw money from the revolving fund whenever and to the extent that it finds that the amount of money therein exceeds the amount necessary to accomplish the purposes for which the revolving fund was established. Any moneys withdrawn from the revolving fund shall be used to redeem bonds of the district issued for the purposes set forth in subdivision (k) of Section 53313.5 or shall be paid to taxpayers in the district in amounts that the legislative body determines.

SEC. 62. Section 53316.2 of the Government Code is amended to read:

53316.2. (a) A community facilities district may finance facilities to be owned or operated by a public agency other than the agency that created the district, or services to be provided by a public agency other than the agency that created the district, or any combination, only pursuant to a joint community facilities agreement or a joint exercise of powers agreement adopted pursuant to this section. A joint community facilities agreement or a joint exercise of powers agreement with a state or federal agency shall not be required if the local agency that created the district is the agency that would, in the absence of the district, enter into an agreement with the state or federal agency for the provision of the facilities or services, or if the local agency that created the district enters into a joint agreement with the public agency that would, in the absence of the district, enter into an agreement with the state or federal agency for the provision of the facilities or services.

(b) At any time prior to the adoption of the resolution of formation creating a community facilities district or a resolution of change to alter a district, or a resolution or resolutions authorizing issuance of bonds pursuant to Section 53356, the legislative bodies of two or more local agencies may enter into a joint community facilities agreement pursuant to this section and Sections 53316.4 and 53316.6 or into a joint exercise of powers agreement pursuant to the Joint Exercise of Powers Act (Chapter 5 (commencing with Section 6500) of Division 7 of Title 1) to exercise any power authorized by this chapter with respect to the community facilities district being created or changed if the legislative body of each entity adopts

a resolution declaring that the joint agreement would be beneficial to the residents of that entity.

(c) Notwithstanding the Joint Exercise of Powers Act, a contracting party may use the proceeds of any special tax or charge levied pursuant to this chapter or, in the case of facilities, of any bonds or other indebtedness issued pursuant to this chapter to provide facilities or services which that contracting party is otherwise authorized by law to provide, even though another contracting party does not have the power to provide those facilities or services.

(d) Notwithstanding subdivision (b), nothing in this section shall prevent entry into or amendment of a joint community facilities agreement or a joint exercise of powers agreement at any time, if the new agreement or amendment is necessary, as determined by the legislative body, for either of the following reasons:

(1) To allow an orderly transition of governmental facilities and finances in the case of any change in governmental organization approved pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5) or other law governing the reorganization of any agency that is a party to the agreement.

(2) To allow participation in the agreement by a state or federal agency, including, but not limited to, the California Department of Transportation. Participation in an agreement by a state or federal agency is purely optional.

(e) Notwithstanding any other provision of this chapter, no local agency that is party to a joint exercise of powers agreement or joint community facilities agreement shall have primary responsibility for formation of a district, or for an extension of authorized facilities and services or a change in special taxes pursuant to Article 3 (commencing with Section 53330), unless that local agency is one or more of the following:

(1) A city, a county, or a city and county.

(2) An agency created pursuant to a joint powers agreement that is separate from the parties to the agreement, is responsible for the administration of the agreement, and is subject to the notification requirement of Section 6503.5.

(3) An agency that is reasonably expected to have responsibility for providing facilities or services to be financed by a larger share of the proceeds of special taxes and bonds of the district or districts created or changed pursuant to the joint exercise of powers agreement or the joint community facilities agreement than any other local agency.

SEC. 63. Section 53317 of the Government Code is amended to read:

53317. Unless the context otherwise requires, the definitions contained in this article shall govern the construction of this chapter.

(a) "Clerk" means the clerk of the legislative body of a local agency.

(b) "Community facilities district" means a legally constituted governmental entity established pursuant to this chapter for the sole purpose of financing facilities and services.

(c) "Cost" means the expense of constructing or purchasing the public facility and of related land, right-of-way, easements, including incidental

expenses, and the cost of providing authorized services, including incidental expenses.

(d) “Debt” means any binding obligation to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts.

(e) “Incidental expense” includes all of the following:

(1) The cost of planning and designing public facilities to be financed pursuant to this chapter, including the cost of environmental evaluations of those facilities.

(2) The costs associated with the creation of the district, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of the district.

(3) Any other expenses incidental to the construction, completion, and inspection of the authorized work.

(f) “Landowner” or “owner of land” means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of the land by the legislative body. The legislative body has no obligation to obtain other information as to the ownership of the land, and its determination of ownership shall be final and conclusive for the purposes of this chapter. A public agency is not a landowner or owner of land for purposes of this chapter, unless one of the following exists:

(1) The land owned by a public agency would be subject to a special tax pursuant to Section 53340.1.

(2) The public agency has acquired the property by purchase or negotiation in connection with foreclosure of a special tax lien and it is intended that the property will be transferred to private ownership.

(3) The public agency states in the proceedings that its land is intended to be transferred to private ownership and provides in the proceedings that its land will be subject to the special tax on the same basis as private property within the district and affirmatively waives any defense based on the fact of public ownership, to any action to foreclose on the property in the event of nonpayment of the special tax.

(4) The land owned by a public agency is within the territory of a military base that is closed or is being closed.

(g) “Legislative body” means the legislative body or governing board of any local agency.

(h) “Local agency” means any city or county, whether general law or chartered, special district, school district, joint powers entity created pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1, redevelopment agency, or any other municipal corporation, district, or political subdivision of the state.

(i) “Rate” means a single rate of tax or a schedule of rates.

(j) “Services” means the provision of categories of services identified in Section 53313. “Services” includes the performance by employees of

functions, operations, maintenance, and repair activities. “Services” does not include activities or facilities identified in Section 53313.5.

SEC. 64. Section 53318 of the Government Code is amended to read:

53318. Proceedings for the establishment of a community facilities district may be instituted by the legislative body on its own initiative and shall be instituted by the legislative body when any of the following occurs:

(a) A written request for the establishment of a district, signed by two members of the legislative body, describing the boundaries of the territory that is proposed for inclusion in the area and specifying the type or types of facilities and services to be financed by the district, is filed with the legislative body.

(b) A petition requesting the institution of the proceedings signed by the requisite number of registered voters, as specified in subdivision (d) of Section 53319, describing the boundaries of the territory that is proposed for inclusion in the area and specifying the type or types of facilities and services to be financed by the district, is filed with the clerk of the legislative body. The petition may consist of any number of separate instruments, each of which shall comply with all of the requirements of the petition, except as to the number of signatures.

(c) A petition requesting the institution of the proceedings signed by landowners owning the requisite portion of the area of the proposed district, as specified in subdivision (d) of Section 53319, describing the boundaries of the territory that is proposed for inclusion in the area and specifying the type or types of facilities and services to be financed by the district, is filed with the clerk of the legislative body.

(d) The written request filed pursuant to subdivision (a) and the petition filed pursuant to subdivision (b) are not required to be acted upon until the payment of a fee in an amount that the legislative body determines, within 45 days of receiving the request or petition, is sufficient to compensate the legislative body for all costs incurred in conducting proceedings to create a district pursuant to this chapter. A petition filed pursuant to subdivision (c) may not be acted upon until payment of a fee in an amount that the legislative body determines, within 45 days of receiving the petition, is sufficient to compensate the legislative body for all costs incurred in conducting proceedings to create a district pursuant to this chapter.

SEC. 65. Section 53319 of the Government Code is amended to read:

53319. A petition requesting the institution of proceedings for the establishment of a community facilities district shall do all of the following:

(a) Request the legislative body to institute proceedings to establish a community facilities district pursuant to this chapter.

(b) Describe the boundaries of the territory that is proposed for inclusion in the district.

(c) State the type or types of facilities and services proposed to be financed by the district, which may include proposals for any additional information specified by Sections 53321, 53325.7, and 53345.

(d) Be signed by not less than 10 percent of the registered voters residing within the territory proposed to be included within the district or by owners

of not less than 10 percent of the area of land proposed to be included within the district and not proposed to be exempt from the special tax. If the legislative body finds that the petition is signed by the requisite number of registered voters residing within the territory proposed to be included within the district or by the requisite number of owners of land proposed to be included within the district, that finding shall be final and conclusive.

SEC. 66. Section 53320 of the Government Code is amended to read:

53320. Within 90 days after either a written request by two members of the legislative body or a petition requesting the institution of proceedings for the establishment of a community facilities district is filed with the legislative body and the payment of any fee required under subdivision (d) of Section 53318, the legislative body shall adopt a resolution of intention to establish a community facilities district in the form specified in Section 53321.

SEC. 66.5. Section 53321 of the Government Code is amended to read:

53321. Proceedings for the establishment of a community facilities district shall be instituted by the adoption of a resolution of intention to establish the district which shall do all of the following:

(a) State that a community facilities district is proposed to be established under the terms of this chapter and describe the boundaries of the territory proposed for inclusion in the district, which may be accomplished by reference to a map on file in the office of the clerk, showing the proposed community facilities district. The boundaries of the territory proposed for inclusion in the district shall include the entirety of any parcel subject to taxation by the proposed district.

(b) State the name proposed for the district in substantially the following form: "Community Facilities District No. ____."

(c) Describe the public facilities and services proposed to be financed by the district pursuant to this chapter. The description may be general and may include alternatives and options, but it shall be sufficiently informative to allow a taxpayer within the district to understand what the funds of the district may be used to finance. If the purchase of completed public facilities or the incurring of incidental expenses is proposed, the resolution shall identify those facilities or expenses. If facilities are proposed to be financed through any financing plan, including, but not limited to, any lease, lease-purchase, or installment-purchase arrangement, the resolution shall briefly describe the proposed arrangement.

(d) State that, except where funds are otherwise available, a special tax sufficient to pay for all facilities and services, secured by recordation of a continuing lien against all nonexempt real property in the district, will be annually levied within the area. The resolution shall specify the rate, method of apportionment, and manner of collection of the special tax in sufficient detail to allow each landowner or resident within the proposed district to estimate the maximum amount that he or she will have to pay. The legislative body may specify conditions under which the obligation to pay the specified special tax may be prepaid and permanently satisfied. The legislative body

may specify conditions under which the rate of the special tax may be permanently reduced in compliance with the provisions of Section 53313.9.

In the case of any special tax to pay for public facilities and to be levied against any parcel used for private residential purposes, (1) the maximum special tax shall be specified as a dollar amount which shall be calculated and thereby established not later than the date on which the parcel is first subject to the tax because of its use for private residential purposes, which amount shall not be increased over time except that it may be increased by an amount not to exceed 2 percent per year, (2) the resolution shall specify a tax year after which no further special tax subject to this sentence shall be levied or collected, except that a special tax that was lawfully levied in or before the final tax year and that remains delinquent may be collected in subsequent years, and (3) the resolution shall specify that under no circumstances will the special tax levied in any fiscal year against any parcel subject to this sentence be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the district by more than 10 percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. For purposes of this paragraph, a parcel shall be considered “used for private residential purposes” not later than the date on which an occupancy permit for private residential use is issued. Nothing in this paragraph is intended to prohibit the legislative body from establishing different tax rates for different categories of residential property, or from changing the dollar amount of the special tax for the parcel if the size of the residence is increased or if the size or use of the parcel is changed.

(e) Fix a time and place for a public hearing on the establishment of the district which shall be not less than 30 or more than 60 days after the adoption of the resolution.

(f) Describe any adjustment in property taxation to pay prior indebtedness pursuant to Sections 53313.6 and 53313.7.

(g) Describe the proposed voting procedure.

The changes made to this section by Senate Bill 1464 of the 1991–92 Regular Session of the Legislature shall not apply to special taxes levied by districts for which a resolution of formation was adopted before January 1, 1993.

SEC. 67. Section 53321.5 of the Government Code is amended to read:

53321.5. At the time of the adoption of the resolution of intention to establish a community facilities district, the legislative body shall direct each of its officers who is or will be responsible for providing one or more of the proposed types of public facilities or services to be financed by the district, if it is established, to study the proposed district and, at or before the time of the hearing, file a report with the legislative body containing a brief description of the public facilities and services by type that will in his or her opinion be required to adequately meet the needs of the district and his or her estimate of the cost of providing those public facilities and services. If the purchase of completed public facilities or the payment of incidental expenses is proposed, the legislative body shall direct its

appropriate officer to estimate the fair and reasonable cost of those facilities or incidental expenses. If removal or remedial action for the cleanup of any hazardous substance is proposed, the legislative body shall (a) direct its responsible officer to prepare or cause to be prepared, a remedial action plan based upon factors comparable to those described in subdivision (d) of Section 25356.1 of the Health and Safety Code or (b) determine, on the basis of the particular facts and circumstances, that shall be comparable to those described in subdivision (h) of Section 25356.1 of the Health and Safety Code, that the remedial action plan is not required or (c) condition financing of the removal or remedial action upon approval of a remedial action plan pursuant to Section 25356.1 of the Health and Safety Code. All of those reports shall be made a part of the record of the hearing on the resolution of intention to establish the district.

SEC. 68. Section 53322.4 of the Government Code is amended to read:

53322.4. The clerk of the legislative body may also give notice of the hearing by first-class mail to each registered voter and to each landowner within the proposed district. This notice shall contain the same information as is required to be contained in the notice published pursuant to Section 53322.

SEC. 69. Section 53323 of the Government Code is amended to read:

53323. At the hearing, protests against the establishment of the district, the extent of the district, or the furnishing of specified types of public facilities or services within the district may be made orally or in writing by any interested person. Any protests pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularities and defects to which objection is made. Any written protest not personally presented by the author of that protest at the hearing shall be filed with the clerk of the legislative body at or before the time fixed for the hearing. The legislative body may waive any irregularities in the form or content of any written protest and at the hearing may correct minor defects in the proceedings. Written protests may be withdrawn in writing at any time before the conclusion of the hearing.

SEC. 70. Section 53324 of the Government Code is amended to read:

53324. If 50 percent or more of the registered voters, or six registered voters, whichever is more, residing within the territory proposed to be included in the district, or the owners of one-half or more of the area of the land in the territory proposed to be included in the district and not exempt from the special tax, file written protests against the establishment of the district, and protests are not withdrawn so as to reduce the value of the protests to less than a majority, no further proceedings to create the specified community facilities district or to authorize the specified special tax shall be taken for a period of one year from the date of the decision of the legislative body.

If the majority protests of the registered voters or of the landowners are only against the furnishing of a specified type or types of facilities or services within the district, or against levying a specified special tax, those types of

facilities or services or the specified special tax shall be eliminated from the resolution of formation.

SEC. 71. Section 53325 of the Government Code is amended to read:

53325. The hearing may be continued from time to time, but shall be completed within 30 days, except that if the legislative body finds that the complexity of the proposed district or the need for public participation requires additional time, the hearing may be continued from time to time for a period not to exceed six months. The legislative body may modify the resolution of intention by eliminating proposed facilities or services, or by changing the rate or method of apportionment of the proposed special tax so as to reduce the maximum special tax for all or a portion of the owners of property within the proposed district, or by removing territory from the proposed district. Any modifications shall be made by action of the legislative body at the public hearing. If the legislative body proposes to modify the resolution of intention in a way that will increase the probable special tax to be paid by the owner of any lot or parcel, it shall direct that a report be prepared that includes a brief analysis of the impact of the proposed modifications on the probable special tax to be paid by the owners of lots or parcels in the district, and shall receive and consider the report before approving the modifications or any resolution of formation that includes those modifications. The legislative body shall not modify the resolution of intention to increase the maximum special tax or to add territory to the proposed district. At the conclusion of the hearing, the legislative body may abandon the proposed establishment of the community facilities district or may, after passing upon all protests, determine to proceed with establishing the district.

SEC. 72. Section 53325.1 of the Government Code is amended to read:

53325.1. (a) If the legislative body determines to establish the district, it shall adopt a resolution of formation establishing the district. The resolution of formation shall contain all of the information required to be included in the resolution of intention to establish the district specified in Section 53321. If a special tax is proposed to be levied in the district to pay for any facilities or services and the special tax has not been eliminated by majority protest pursuant to Section 53324, the resolution shall:

(1) State that the proposed special tax to be levied within the district has not been precluded by majority protest pursuant to Section 53324.

(2) Identify any facilities or services proposed to be funded with the special tax.

(3) Set forth the name, address, and telephone number of the office, department, or bureau that will be responsible for preparing annually a current roll of special tax levy obligations by assessor's parcel number and that will be responsible for estimating future special tax levies pursuant to Section 53340.2.

(4) State that upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code, a continuing lien to secure each levy of the special tax shall attach to all nonexempt real property in the district and this lien shall continue in force and effect until the special

tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the tax by the legislative body ceases.

(5) Set forth the county of recordation and the book and page in the Book of Maps of Assessments and Community Facilities Districts in the county recorder's office where the boundary map of the proposed community facilities district has been recorded pursuant to Sections 3111 and 3113 of the Streets and Highways Code.

(b) In the resolution of formation adopted pursuant to subdivision (a), the legislative body shall determine whether all proceedings were valid and in conformity with the requirements of this chapter. If the legislative body determines that all proceedings were valid and in conformity with the requirements of this chapter, it shall make a finding to that effect and that finding shall be final and conclusive.

SEC. 73. Section 53325.7 of the Government Code is amended to read:

53325.7. The legislative body may submit a proposition to establish or change the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, of a community facilities district to the qualified electors of a proposed or established district. The proposition establishing or changing the appropriations limit shall become effective if approved by the qualified electors voting on the proposition and shall be adjusted for changes in the per capita personal income in the state and changes in populations, as defined by subdivisions (b) and (c) of Section 7901, except that the change in population may be estimated by the legislative body in the absence of an estimate by the Department of Finance, and in accordance with Section 1 of Article XIII B of the California Constitution. For purposes of adjusting for changes in population, the population of the district shall be deemed to be at least one person during each calendar year.

SEC. 74. Section 53326 of the Government Code is amended to read:

53326. (a) The legislative body shall then submit the levy of any special taxes to the qualified electors of the proposed community facilities district or to the qualified electors of the territory to be annexed by the community facilities district in the next general election or in a special election to be held, notwithstanding any other requirement, including any requirement that elections be held on specified dates, contained in the Elections Code, at least 90 days, but not more than 180 days, following the adoption of the resolution of formation. The legislative body shall provide the resolution of formation, the resolution deeming it necessary to incur bonded indebtedness, if one is adopted, a certified map of sufficient scale and clarity to show the boundaries of the district, and a sufficient description to allow the election official to determine the boundaries of the district to the official conducting the election within three business days after the adoption of the resolution of formation. Assessor's parcel numbers for the land within the district shall be included if it is a landowner election or the district does not conform to an existing district's boundaries and if requested by the official conducting the election. If the election is to be held less than 125 days

following the adoption of the resolution of formation, the concurrence of the election official conducting the election shall be required. However, any time limit specified by this section or requirement pertaining to the conduct of the election, including any time limit or requirement applicable to any election conducted pursuant to Article 5 (commencing with Section 53345), may be waived with the unanimous consent of the qualified electors of the proposed district and the concurrence of the election official conducting the election.

(b) Except as otherwise provided in subdivision (c), if at least 12 persons, who need not necessarily be the same 12 persons, have been registered to vote within the territory of the proposed community facilities district for each of the 90 days preceding the close of the protest hearing, the vote shall be by the registered voters of the proposed district, with each voter having one vote. Otherwise, the vote shall be by the landowners of the proposed district and each person who is the owner of land at the close of the protest hearing, or the authorized representative thereof, shall have one vote for each acre or portion of an acre of land that he or she owns within the proposed community facilities district not exempt from the special tax. Ballots shall be executed by an owner of a parcel, or by a representative of an owner lawfully appointed to represent the owner for purposes of the election. Each person casting a ballot assigned to a parcel of property who is not the owner of that property must present written evidence to the local agency of that person's authority to act for the owner for the election before casting the ballot. If more than one of the record owners of an identified parcel submits or wishes to submit a ballot, the votes attributable to the parcel shall be allocated to ballots for each owner in proportion to their respective record ownership interest, rounded to the nearest one-tenth of a vote, or, if the ownership interests are not shown on the record, as established to the satisfaction of the local agency, the votes attributable to the parcel shall be allocated according to the ownership interests shown by documentation submitted by those record owners. If no document is submitted, the votes shall be allocated equally among the parcel's owners requesting ballots. If the appointment of the representative to cast the ballot was made as part of the transaction by which the current owners acquired the property, or if the appointment appoints a former owner, or anyone affiliated in any way with a former owner of the property, the written appointment must be signed by all of the owners, and include a statement signed by all of the owners substantially in the form contained in Section 53341.5. The appointment is not valid if the ballot measure seeks to authorize facilities, services, or special taxes in excess of those shown on the statement. The appointment of a representative to act for property for a single specified landowner election under this chapter shall not constitute a violation of any law prohibiting the impersonation of voters or the inducement to vote in a particular fashion. The number of votes to be voted by a particular landowner shall be specified on the ballot provided to that landowner. If the vote is by landowners pursuant to this subdivision, the legislative body shall determine that any facilities or services financed by the district are necessary to meet

increased demands placed upon local agencies as the result of development or rehabilitation occurring in the district.

(c) If the proposed special tax will not be apportioned in any tax year on any portion of property in residential use in that tax year, as determined by the legislative body, the legislative body may provide that the vote shall be by the landowners of the proposed district whose property would be subject to the tax if it were levied at the time of the election. Each of these landowners shall have one vote for each acre, or portion thereof, that the landowner owns within the proposed district that would be subject to the proposed tax if it were levied at the time of the election.

(d) Ballots for the special election authorized by subdivision (a) may be distributed to qualified electors by mail with return postage prepaid or by personal service by the election official. The official conducting the election may certify the proper mailing of ballots by an affidavit, that shall constitute conclusive proof of mailing in the absence of fraud. The voted ballots shall be returned to the election officer conducting the election not later than the hour specified in the resolution calling the election. However, if all the qualified voters have voted, the election may be closed with the concurrence of the official conducting the election.

SEC. 75. Section 53327 of the Government Code is amended to read:

53327. (a) Except as otherwise provided in this chapter, the provisions of law regulating elections of the local agency that calls an election pursuant to this chapter, insofar as they may be applicable, shall govern all elections conducted pursuant to this chapter. Except as provided in subdivision (b), there shall be prepared and included in the ballot material provided to each voter an impartial analysis pursuant to Section 9160, 9280, or 9500 of the Elections Code, and arguments and rebuttals, if any, pursuant to Sections 9162 to 9167, inclusive, and 9190 of the Elections Code or pursuant to Sections 9281 to 9287, inclusive, and 9295 of the Elections Code, or pursuant to Sections 9501 to 9507, inclusive, of the Elections Code, or pursuant to other provisions of law applicable to other special districts as appropriate.

(b) If the vote is to be by the landowners of the proposed district, analysis and arguments may be waived with the unanimous consent of all the landowners and shall be so stated in the order for the election. When the vote is to be by the landowners of the proposed district, the legislative body of the local agency may authorize an official of the local agency to conduct the election, including preparation of analysis and compilation of arguments.

SEC. 76. Section 53328 of the Government Code is amended to read:

53328. After the canvass of returns of any election pursuant to Section 53326, the legislative body may, pursuant to Section 53340, levy any special tax as specified in the resolution of formation adopted pursuant to subdivision (a) of Section 53325.1 within the territory of the district if two-thirds of the votes cast upon the question of levying the tax are in favor of levying that tax.

SEC. 77. Section 53328.3 of the Government Code is amended to read:

53328.3. Upon a determination by the legislative body that the requisite two-thirds of votes cast in an election held pursuant to Section 53326 are

in favor of levying the special tax, the clerk of the legislative body shall, within 15 days of a landowner election or within 90 days of a registered voter election, record the notice of special tax lien provided for in Section 3114.5 of the Streets and Highways Code, whereupon the lien of the special tax shall attach as provided in Section 3115.5 of the Streets and Highways Code. The notice of special tax lien shall be recorded in the office of the county recorder in each county that any portion of the district is located.

SEC. 78. Section 53329 of the Government Code is amended to read:

53329. After the canvass of returns of any election conducted pursuant to Section 53326, the legislative body shall take no further action with respect to authorizing the specified special tax within the community facilities district for one year from the date of the election if the question of authorizing that specified special tax fails to receive approval by two-thirds of the votes cast upon the question.

SEC. 79. Section 53330.3 of the Government Code is amended to read:

53330.3. Under no circumstances shall any buyer or prospective buyer of any completed structure for which a certificate of occupancy for private residential use has been issued which is located within any district formed pursuant to this chapter be asked, required, or otherwise induced to waive any right to petition or to take any other action authorized pursuant to this article. No contract, agreement, or covenant shall be binding with respect to such a waiver.

SEC. 80. Section 53330.5 of the Government Code is amended to read:

53330.5. Upon approval of a special tax pursuant to Article 2 (commencing with Section 53318), the special tax may be levied only at the rate and may be apportioned only in the manner specified in the resolution of formation, except as provided in this article, and except that the legislative body may levy the special tax at a rate lower than that specified in the resolution. In addition, the special tax may be levied only so long as it is needed to pay the principal and interest on debt incurred in order to construct facilities under authority of this chapter, or so long as it is needed to pay the costs and incidental expenses of services or of the construction of facilities authorized by this chapter.

When the legislative body determines that the special tax shall cease to be levied, the legislative body shall direct the clerk to record a Notice of Cessation of Special Tax that shall state that the obligation to pay the special tax has ceased and that the lien imposed by the Notice of Special Tax Lien recorded as recorder's serial or document number ____ in the records of the County Recorder of ____ County, State of California, is extinguished. The Notice of Cessation of Special Tax shall additionally identify the book and page of the Book of Maps of Assessment and Community Facilities Districts wherein the map of the boundaries of the district is recorded.

SEC. 81. Section 53330.7 of the Government Code is amended to read:

53330.7. Except as otherwise provided in this article, the legislative body may, at any time, after conducting a public hearing, eliminate one or more of the types of facilities and services specified in the resolution of

formation of the district but may not finance any types of facilities and services that were not specified in the resolution of formation.

SEC. 82. Section 53332 of the Government Code is amended to read:

53332. (a) If a petition signed by 25 percent or more of the registered voters residing in the district, or by the owners of 25 percent or more of the land within the district not exempt from the special tax, is filed with the legislative body requesting that proceedings be commenced to change the types of public facilities or services financed by the district or that the rate or method of apportionment of an existing special tax be changed, or that territory to be removed from the district, or that a new special tax be levied, the legislative body shall within 40 days of the payment of the fee determined under subdivision (b) adopt a resolution of consideration in the form specified in Section 53334 to make those changes within the community facilities district except that an existing special tax being used to pay off any debt incurred under this chapter shall not be reduced or terminated if doing so would interfere with the timely retirement of that debt.

(b) Upon receipt of any petition filed by landowners under this section, the legislative body shall, within 45 days, determine the amount of a fee sufficient to compensate the local agency for all costs incurred in conducting proceedings to change the district pursuant to this article. Upon receipt of any petition filed by registered voters under this section, the legislative body may determine the amount of a fee, within 45 days, sufficient to compensate the local agency for all costs incurred in conducting proceedings to change the district pursuant to this article.

SEC. 83. Section 53336 of the Government Code is amended to read:

53336. At the hearing, protests against the proposals described in the resolution may be made orally, or in writing by any interested persons. Any protests pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularities or defects to which objection is made. All written protests not personally presented by the author thereof at the hearing shall be filed with the clerk of the legislative body at or before the time fixed for the hearing. The legislative body may waive any irregularities in the form or content of any written protest and at the hearing may correct minor defects in the proceedings. Written protests may be withdrawn in writing at any time before the conclusion of the hearing.

SEC. 84. Section 53339 of the Government Code is amended to read:

53339. Territory may be annexed to an existing community facilities district as provided in this article. The annexed territory need not be contiguous to territory included in the existing community facilities district. The territory proposed to be annexed to the community facilities district may be territory located outside the territorial limits of the agency that formed the community facilities district provided that the territory to be annexed to the community facilities district will be annexed to the respective agency prior to, or concurrently with, the annexation of the subject territory to the community facilities district and, if the annexation of the subject territory to the respective agency is not completed, the subject territory shall not be annexed to the community facilities district. The legislative body of

the agency that created the community facilities district shall not adopt a resolution of intention pursuant to Section 53339.2 if the territory proposed to be annexed includes territory that is outside the territorial limits of that agency unless an initial action, petition, or filing for the annexation of that territory to the respective agency has been adopted or filed, as appropriate.

SEC. 85. Section 53339.2 of the Government Code is amended to read:

53339.2. If the legislative body of the local agency that created a community facilities district determines that public convenience and necessity require that territory be added to the existing community facilities district, or if the voters residing within certain territory or landowners request the legislative body to include territory within the district, the legislative body may adopt a resolution of intention to annex the territory or to provide for future annexation of the territory.

SEC. 86. Section 53339.3 of the Government Code is amended to read:

53339.3. The resolution of intention to annex the territory or to provide for future annexation of territory shall do all of the following:

(a) State the name of the existing community facilities district.

(b) Generally describe the territory included in the existing district and the territory proposed to be annexed. As an alternative, the resolution may identify territory proposed for annexation in the future, with the condition that parcels within that territory may be annexed only with the unanimous approval of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed.

(c) Specify the types of public facilities and services provided pursuant to this chapter in the existing district and the types of public facilities and services to be provided in the territory proposed to be annexed or to be annexed in the future; and include a plan for sharing facilities and providing services that will be provided in common within the existing district and the territory proposed to be annexed or to be annexed in the future.

(d) Specify any special taxes that would be levied within the territory proposed to be annexed or to be annexed in the future to pay for public facilities and services provided pursuant to this chapter within that territory. A special tax proposed to pay for services to be supplied within the territory proposed to be annexed or to be annexed in the future shall be equal to any special tax levied to pay for the same services in the existing district, except that a higher or lower tax may be levied within the territory proposed to be annexed or to be annexed in the future to the extent that the actual cost of providing the services in that territory is higher or lower than the cost of providing those services in the existing district. A special tax proposed to pay for public facilities financed with bonds that have already been issued and that are secured by the existing community facilities district shall be the same as the tax levied in the existing district for that purpose, except that a higher special tax may be levied for that purpose within the territory proposed to be annexed or to be annexed in the future to compensate for the interest and principal previously paid by the existing community facilities district, less any depreciation allocable to the public facility. This section shall not be construed to limit the levy of a special tax within the territory

to be annexed or to be annexed in the future to provide new or additional services beyond those supplied within the existing territory of the district, or to pay for new or additional public facilities, with or without bond financing.

(e) Specify any alteration in the special tax rate to be levied within the existing community facilities district as a result of the proposed annexation. The maximum tax rate in the existing community facilities district may not be increased as a result of proceedings pursuant to this article.

(f) Fix a time and place for a hearing upon the resolution that shall not be less than 30 nor more than 60 days after the adoption by the legislative body of the resolution of intention to annex territory or to provide for future annexation of territory pursuant to Section 53339.2.

SEC. 87. Section 53339.5 of the Government Code is amended to read:

53339.5. At the hearing, protests against the proposals described in the resolution of intention may be made orally or in writing by any interested person. Any protests pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularities or defects to which objection is made. All written protests shall be filed with the clerk of the legislative body prior to the time fixed not personally presented by the author thereof at the hearing for the hearing. The legislative body may waive any irregularities in the form or content of any written protest and at the hearing may correct minor defects in the proceedings. Written protests may be withdrawn in writing at any time before the conclusion of the hearing.

SEC. 88. Section 53339.6 of the Government Code is amended to read:

53339.6. If 50 percent or more of the registered voters, or six registered voters, whichever is more, residing within the existing community facilities district, or if 50 percent or more of the registered voters or six registered voters, whichever is more, residing within the territory proposed for annexation or proposed to be annexed in the future, or if the owners of one-half or more of the area of land in the territory included in the existing district and not exempt from special tax, or if the owners of one-half or more of the area of land in the territory proposed to be annexed or proposed to be annexed in the future and not exempt from the special tax, file written protests against the proposed annexation of territory to the existing community facilities district or the proposed addition of territory to the existing community facilities district in the future, and protests are not withdrawn so as to reduce the protests to less than a majority, no further proceedings to annex the same territory, or to authorize the same territory to be annexed in the future, shall be undertaken for a period of one year from the date of decision of the legislative body on the issues discussed at the hearing.

SEC. 89. Section 53339.7 of the Government Code is amended to read:

53339.7. (a) The hearing may be continued from time to time, but shall be completed within 30 days. At the conclusion of the hearing, the legislative body may abandon the proceedings, may, after passing upon all protests, submit the question of levying a special tax within the area proposed to be

annexed to the existing community facilities district to the qualified electors of the area proposed to be annexed as specified in Article 2 (commencing with Section 53318), or may provide for the annexation of territory proposed for annexation in the future upon the unanimous approval of the owner or owners of each parcel or parcels at the time that the parcel or parcels are annexed, without additional hearings.

(b) Notwithstanding any other provision of law, when the question of levying a special tax within the areas proposed to be annexed into an existing community facilities district appears on the same ballot as the question of annexation of the same territory to a local agency the effectiveness of each ballot measure may be made contingent on the passage of the other ballot measure.

SEC. 90. Section 53339.8 of the Government Code is amended to read:

53339.8. (a) After the canvass of returns of any election conducted in accordance with Section 53339.7, the legislative body shall determine that the area proposed to be annexed is added to and part of the existing community facilities district with full legal effect, and the legislative body may levy any special tax within the annexed territory, as specified in the resolution of intention to annex adopted pursuant to Section 53339.2, and as specified in the ordinance adopted pursuant to Section 53340, if two-thirds of the votes cast on the proposition are in favor of levying the special tax.

(b) Upon a determination by the legislative body that the area proposed to be annexed is added to the existing community facilities district, the clerk of the legislative body shall record notice of the annexation pursuant to Section 3117.5 of the Streets and Highways Code.

SEC. 91. Section 53340 of the Government Code is amended to read:

53340. (a) After a community facilities district has been created and authorized to levy specified special taxes pursuant to Article 2 (commencing with Section 53318), Article 3 (commencing with Section 53330), or Article 3.5 (commencing with Section 53339), the legislative body may, by ordinance, levy the special taxes at the rate and apportion them in the manner specified in the resolution adopted pursuant to Article 2 (commencing with Section 53318), Article 3 (commencing with Section 53330), or Article 3.5 (commencing with Section 53339).

(b) The legislative body may provide, by resolution, for the levy of the special tax in the current tax year or future tax years at the same rate or at a lower rate than the rate provided by the ordinance, if the resolution is adopted and a certified list of all parcels subject to the special tax levy including the amount of the tax to be levied on each parcel for the applicable tax year, is filed by the clerk or other official designated by the legislative body with the county auditor on or before the 10th day of August of that tax year. The clerk or other official designated by the legislative body may file the certified list after the 10th of August but not later than the 21st of August if the clerk or other official obtains prior written consent of the county auditor.

(c) Properties or entities of the state, federal, or local governments shall, except for properties that a local agency is a landowner of within the meaning

of subdivision (f) of Section 53317, or except as otherwise provided in Section 53317.3, be exempt from the special tax. No other properties or entities are exempt from the special tax unless the properties or entities are expressly exempt in the resolution of formation to establish a district adopted pursuant to Section 53325.1 or in a resolution of consideration to levy a new special tax or special taxes or to alter the rate or method of apportionment of an existing special tax as provided in Section 53334.

(d) The proceeds of any special tax may only be used to pay, in whole or part, the cost of providing public facilities, services, and incidental expenses pursuant to this chapter.

(e) The special tax shall be collected in the same manner as ordinary ad valorem property taxes are collected and shall be subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for ad valorem taxes, unless another procedure has been authorized in the resolution of formation establishing the district and adopted by the legislative body.

(f) (1) Notwithstanding subdivision (e), the legislative body of the district may waive all or any specified portion of the delinquency penalties and redemption penalties if it makes all of the following determinations:

(A) The waivers shall apply only to parcels delinquent at the time of the determination.

(B) The waivers shall be available only with respect to parcels for which all past due and currently due special taxes and all other costs due are paid in full within a limited period of time specified in the determination.

(C) The waivers shall be available only with respect to parcels sold or otherwise transferred to new owners unrelated to the owner responsible for the delinquency.

(D) The waivers are in the best interest of the debtholders.

(2) The charges with penalties to be waived shall be removed from the tax roll pursuant to Section 53356.2 and local administrative procedures, and any distributions made to the district prior to collection pursuant to Chapter 3 (commencing with Section 4701) of Part 8 of Division 1 of the Revenue and Taxation Code shall be repaid by the district prior to granting the waiver.

(g) The tax collector may collect the special tax at intervals as specified in the resolution of formation, including intervals different from the intervals determining when the ordinary ad valorem property taxes are collected. The tax collector may deduct the reasonable administrative costs incurred in collecting the special tax.

(h) All special taxes levied by a community facilities district shall be secured by the lien imposed pursuant to Section 3115.5 of the Streets and Highways Code. This lien shall be a continuing lien and shall secure each levy of special taxes. The lien of the special tax shall continue in force and effect until the special tax obligation is prepaid, permanently satisfied, and canceled in accordance with Section 53344 or until the special tax ceases to be levied by the legislative body in the manner provided in Section

53330.5. If any portion of a parcel is encumbered by a lien pursuant to this chapter, the entirety of the parcel shall be encumbered by that lien.

SEC. 92. Section 53340.2 of the Government Code is amended to read:

53340.2. (a) The legislative body levying the special tax shall designate an office, department, or bureau of the local agency that shall be responsible for annually preparing the current roll of special tax levy obligations by assessor’s parcel number on nonexempt property within the district and that will be responsible for estimating future special tax levies. The designated office, department, or bureau shall be the same office, department, or bureau that prepares the “NOTICE OF ASSESSMENT” required by Section 53754. If notice is required under both this section and Section 53754, the notices shall, to the extent feasible, be combined into a single notice document. The designated office, department, or bureau shall establish procedures to promptly respond to inquiries concerning current and future estimated tax liability. Neither the designated office, department, or bureau, nor the legislative body, shall be liable if any estimate of future tax liability is inaccurate, nor for any failure of any seller to request a Notice of Special Tax or to provide the notice to a buyer.

(b) For purposes of enabling sellers of real property subject to the levy of special taxes to satisfy the notice requirements of Section 1102.6b of the Civil Code, the designated office, department, or bureau shall furnish a Notice of Special Tax to any individual requesting the notice or any owner of property subject to a special tax levied by the local agency within five working days of receiving a request for the notice. The local agency may charge a fee for this service not to exceed fifteen dollars (\$15).

(c) The notice shall contain the heading “NOTICE OF SPECIAL TAX” in type no smaller than 8-point type, and shall be in substantially the following form. The form may be modified as needed to clearly and accurately describe the tax structure and other characteristics of districts created before January 1, 1993, or to clearly and accurately consolidate information about the tax structure and other characteristics of two or more districts that levy or are authorized to levy special taxes with respect to the lot, parcel, or unit, or to clearly and accurately describe a tax rate that will change with a change in use of the parcel, or to clearly and accurately describe a tax that will be levied only once. The notice shall be completed by the designated office, department, or bureau except for the signatures and date of signing:

NOTICE OF SPECIAL TAX

COMMUNITY FACILITIES DISTRICT NO. _____

COUNTY OF _____, CALIFORNIA

TO: THE PROSPECTIVE PURCHASER OF THE REAL PROPERTY
KNOWN AS: _____

THIS IS A NOTIFICATION TO YOU PRIOR TO YOUR PURCHASING
THIS PROPERTY.

(1) This property is subject to a special tax, that is in addition to the regular property taxes and any other charges and benefit assessments on the parcel. This special tax is not necessarily imposed on all parcels within the city or county where the property is located. If you fail to pay this tax when due each year, the property may be foreclosed upon and sold. The tax is used to provide public facilities and/or services that are likely to particularly benefit the property. YOU SHOULD TAKE THIS TAX AND THE BENEFITS FROM THE PUBLIC FACILITIES AND SERVICES FOR WHICH IT PAYS INTO ACCOUNT IN DECIDING WHETHER TO BUY THIS PROPERTY.

(2) The maximum special tax that may be levied against this parcel to pay for public facilities is _____ dollars (\$ _____) during the _____ tax year. This amount will increase by _____ percent per year after that (if applicable). The special tax will be levied each year until all of the authorized facilities are built and all special tax bonds are repaid, but in any case not after the _____ tax year.

An additional special tax will be used to pay for ongoing services, if applicable. The maximum amount of this tax is _____ dollars (\$ _____) during the _____ tax year. This amount may increase by _____, if applicable, and may be levied until the _____ tax year (or forever, as applicable).

(3) The authorized facilities that are being paid for by the special taxes, and by the money received from the sale of bonds that are being repaid by the special taxes, are:

These facilities may not yet have all been constructed or acquired and it is possible that some may never be constructed or acquired.

In addition, the special taxes may be used to pay for costs of the following services:

YOU MAY OBTAIN A COPY OF THE RESOLUTION OF FORMATION THAT AUTHORIZED CREATION OF THE COMMUNITY FACILITIES DISTRICT, AND THAT SPECIFIES MORE PRECISELY HOW THE SPECIAL TAX IS APPORTIONED AND HOW THE PROCEEDS OF THE TAX WILL BE USED, FROM THE _____ (name of jurisdiction) BY CALLING _____ (telephone number). THERE MAY BE A CHARGE FOR THIS DOCUMENT NOT TO EXCEED THE ESTIMATED REASONABLE COST OF PROVIDING THE DOCUMENT.

I (WE) ACKNOWLEDGE THAT I (WE) HAVE RECEIVED A COPY OF THIS NOTICE. I (WE) UNDERSTAND THAT I (WE) MAY

TERMINATE THE CONTRACT TO PURCHASE OR DEPOSIT RECEIPT AFTER RECEIVING THIS NOTICE FROM THE OWNER OR AGENT SELLING THE PROPERTY. THE CONTRACT MAY BE TERMINATED WITHIN THREE DAYS IF THE NOTICE WAS RECEIVED IN PERSON OR WITHIN FIVE DAYS AFTER IT WAS DEPOSITED IN THE MAIL BY GIVING WRITTEN NOTICE OF THAT TERMINATION TO THE OWNER OR AGENT SELLING THE PROPERTY.

DATE: _____

SEC. 93. Section 53341.5 of the Government Code is amended to read:
53341.5. (a) If a lot, parcel, or unit of a subdivision is subject to a special tax levied pursuant to this chapter, the subdivider, his or her agent, or representative, shall not sell, or lease for a term exceeding five years, or permit a prospective purchaser or lessor to sign a contract of purchase or a deposit receipt or any substantially equivalent document in the event of a lease with respect to the lot, parcel, or unit, or cause it to be sold or leased for a term exceeding five years, until the prospective purchaser or lessee of the lot, parcel, or unit has been furnished with and has signed a written notice as provided in this section. The notice shall contain the heading "NOTICE OF SPECIAL TAX" in type no smaller than 8-point type, and shall be in substantially the following form. The form may be modified as needed to clearly and accurately describe the tax structure and other characteristics of districts created before January 1, 1993, or to clearly and accurately consolidate information about the tax structure and other characteristics of two or more districts that levy or are authorized to levy special taxes with respect to the lot, parcel, or unit:

NOTICE OF SPECIAL TAX
COMMUNITY FACILITIES DISTRICT NO. ____
COUNTY OF ____, CALIFORNIA

TO: THE PROSPECTIVE PURCHASER OF THE
REAL PROPERTY KNOWN AS:

THIS IS A NOTIFICATION TO YOU PRIOR TO YOUR ENTERING INTO A CONTRACT TO PURCHASE THIS PROPERTY. THE SELLER IS REQUIRED TO GIVE YOU THIS NOTICE AND TO OBTAIN A COPY SIGNED BY YOU TO INDICATE THAT YOU HAVE RECEIVED AND READ A COPY OF THIS NOTICE.

(1) This property is subject to a special tax, that is in addition to the regular property taxes and any other charges, fees, special taxes, and benefit

assessments on the parcel. It is imposed on this property because it is a new development, and is not necessarily imposed generally upon property outside of this new development. If you fail to pay this tax when due each year, the property may be foreclosed upon and sold. The tax is used to provide public facilities or services that are likely to particularly benefit the property. YOU SHOULD TAKE THIS TAX AND THE BENEFITS FROM THE FACILITIES AND SERVICES FOR WHICH IT PAYS INTO ACCOUNT IN DECIDING WHETHER TO BUY THIS PROPERTY.

(2) The maximum special tax that may be levied against this parcel to pay for public facilities is \$_____ during the ____-__ tax year. This amount will increase by __ percent per year after that (if applicable). The special tax will be levied each year until all of the authorized facilities are built and all special tax bonds are repaid, but in any case not after the ____-__ tax year. An additional special tax will be used to pay for ongoing service costs, if applicable. The maximum amount of this tax is ____ dollars (\$____) during the ____-__ tax year. This amount may increase by ____, if applicable, and that part may be levied until the ____-__ tax year (or forever, as applicable).

(3) The authorized facilities that are being paid for by the special taxes, and by the money received from the sale of bonds that are being repaid by the special taxes, are:

These facilities may not yet have all been constructed or acquired and it is possible that some may never be constructed or acquired.

In addition, the special taxes may be used to pay for costs of the following services:

YOU MAY OBTAIN A COPY OF THE RESOLUTION OF FORMATION THAT AUTHORIZED CREATION OF THE COMMUNITY FACILITIES DISTRICT, AND THAT SPECIFIES MORE PRECISELY HOW THE SPECIAL TAX IS APPORTIONED AND HOW THE PROCEEDS OF THE TAX WILL BE USED, FROM THE ____ (name of jurisdiction) BY CALLING ____ (telephone number). THERE MAY BE A CHARGE FOR THIS DOCUMENT NOT TO EXCEED THE REASONABLE COST OF PROVIDING THE DOCUMENT.

I (WE) ACKNOWLEDGE THAT I (WE) HAVE READ THIS NOTICE AND RECEIVED A COPY OF THIS NOTICE PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE OR SIGNING A DEPOSIT RECEIPT WITH RESPECT TO THE ABOVE-REFERENCED PROPERTY. I (WE) UNDERSTAND THAT I (WE) MAY TERMINATE THE CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITHIN THREE DAYS AFTER RECEIVING THIS NOTICE IN PERSON OR WITHIN FIVE DAYS AFTER IT WAS DEPOSITED IN THE MAIL BY GIVING WRITTEN NOTICE OF THAT TERMINATION TO THE OWNER, SUBDIVIDER, OR AGENT SELLING THE PROPERTY.

DATE: _____

(b) “Subdivision,” as used in subdivision (a), means improved or unimproved land that is divided or proposed to be divided for the purpose of sale, lease, or financing, whether immediate or future, into two or more lots, parcels, or units and includes a condominium project, as defined by Section 1350 of the Civil Code, a community apartment project, a stock cooperative, and a limited-equity housing cooperative, as defined in Sections 11004, 11003.2, and 11003.4, respectively, of the Business and Professions Code.

(c) The buyer shall have three days after delivery in person or five days after delivery by deposit in the mail of any notice required by this section, to terminate his or her agreement by delivery of written notice of that termination to the owner, subdivider, or agent.

(d) The failure to furnish the notice to the buyer or lessee, and failure of the buyer or lessee to sign the notice of a special tax, shall not invalidate any grant, conveyance, lease, or encumbrance.

(e) Any person or entity who willfully violates the provisions of this section shall be liable to the purchaser of a lot or unit that is subject to the provisions of this section, for actual damages, and in addition thereto, shall be guilty of a public offense punishable by a fine in an amount not to exceed five hundred dollars (\$500). In an action to enforce a liability or fine, the prevailing party shall be awarded reasonable attorney’s fees.

SEC. 94. Section 53342 of the Government Code is repealed.

SEC. 95. Section 53343 of the Government Code is amended to read:

53343. Any special taxes collected pursuant to this chapter may only be used for facilities and services authorized by this chapter.

SEC. 96. Section 53343.1 of the Government Code is amended to read:

53343.1. For any community facilities district formed after January 1, 1992, the community facilities district shall, prepare, if requested by a person who resides in or owns property in the district, within 120 days after the last day of each fiscal year, a separate document titled an “Annual Report.” The district may charge a fee for the report not exceeding the actual costs of preparing the report. The report shall include the following information for the fiscal year:

(a) The amount of special taxes collected for the year.

(b) The amount of other moneys collected for the year and their source, including interest earned.

(c) The amount of moneys expended for the year.

(d) A summary of the amount of moneys expended for the following:

(1) Facilities, including property.

(2) Services.

(3) The costs of bonded indebtedness.

(4) The costs of collecting the special tax under Section 53340.

(5) Other administrative and overhead costs.

(e) For moneys expended for facilities, including property, an identification of the categories of each type of facility funded with amounts

expended in each category, including the total percentage of the cost of each type of facility that was funded with bond proceeds or special taxes.

(f) For moneys expended for services, an identification of the categories of each type of service funded with amounts expended in each category, including the total percentage of the cost of each type of service that was funded with bond proceeds or special taxes.

(g) For moneys expended for other administrative costs, an identification of each of these costs.

(h) The Annual Report shall contain references to the relevant sections of the resolution of formation of the district so that interested persons may confirm that bond proceeds and special taxes are being used for authorized purposes. The annual report shall be made available to the public upon request.

SEC. 97. Section 53344 of the Government Code is amended to read:

53344. In the event that the legislative body has specified conditions pursuant to Section 53321 under which the obligation to pay the special tax identified therein may be prepaid and permanently satisfied, and if the special tax is so prepaid and permanently satisfied as to a particular parcel of land, the legislative body shall prepare and record in the office of the county recorder of the county in which the parcel of land is located, and the county recorder shall accept for recordation, a Notice of Cancellation of Special Tax Lien as to that parcel. The Notice of Cancellation of Special Tax Lien shall identify with particularity the special tax that has been prepaid and permanently satisfied, shall state the book and page number, or the document or instrument number, in the records of the county recorder where the Notice of Special Tax Lien being cancelled is recorded, shall contain the legal description and assessor's parcel number of the particular parcel of land subject to the lien, and shall contain the name of the owner of record of the parcel. The recorder shall mail the original Notice of Cancellation of Special Tax Lien to the owner of the property after recording the document. The legislative body may specify a charge for the preparation and recordation of this notice.

SEC. 98. Section 53344.2 of the Government Code is repealed.

SEC. 99. Section 53345 of the Government Code is amended to read:

53345. Whenever the legislative body deems it necessary for the community facilities district to incur a bonded indebtedness, it shall, by resolution, set forth all of the following:

(a) A declaration of the necessity for the indebtedness.

(b) The purpose for which the proposed debt is to be incurred.

(c) The amount of the proposed debt. The legislative body may provide for a reduction in the amount of proposed debt in compliance with the provisions of Section 53313.9.

(d) The time and place for a hearing by the legislative body on the proposed debt authorization.

SEC. 100. Section 53345.3 of the Government Code is amended to read:

53345.3. The amount of the proposed bonded indebtedness may include all costs and estimated costs incidental to, or connected with, the

accomplishment of the purpose for which the proposed debt is to be incurred, including, but not limited to, the estimated costs of construction or acquisition of buildings, or both; acquisition of land, rights-of-way, water, sewer, or other capacity or connection fees; lease payments for school facilities, satisfaction of contractual obligations relating to expenses or the advancement of funds for expenses existing at the time the bonds are issued pursuant to this chapter; architectural, engineering, inspection, legal, fiscal, and financial consultant fees; bond and other reserve funds; discount fees; interest on any bonds of the district estimated to be due and payable within two years of issuance of the bonds; election costs; and all costs of issuance of the bonds, including, but not limited to, fees for bond counsel, costs of obtaining credit ratings, bond insurance premiums, fees for letters of credit, and other credit enhancement costs, and printing costs. Bonds may not be issued pursuant to this chapter to fund any of the services specified in Section 53313; however, bonds may be issued to fund capital facilities to be used in providing these services.

SEC. 101. Section 53354 of the Government Code is amended to read:

53354. If the area designated in the resolution adopted pursuant to Section 53351 does not include the entire community facilities district, a separate ballot shall be prepared for the vote upon the proposition to authorize bonds and to levy a special tax for payment of the bonds and only the voters entitled thereto shall be given the ballots.

SEC. 102. Section 53355 of the Government Code is amended to read:

53355. A two-thirds vote shall be required for the issuance of bonds under authority of this chapter.

SEC. 103. Section 53356 of the Government Code is amended to read:

53356. If more than two-thirds of the votes cast at the election are in favor of incurring the indebtedness, the legislative body may, by resolution, at the time or times it deems proper, provide for the following:

- (a) The form of the bonds.
- (b) The execution of the bonds.
- (c) The issuance of any part of the bonds.
- (d) The appointment of one or more banks or trust companies within or without the state having the necessary trust powers as trustee, fiscal agent, paying agent, or bond registrar.
- (e) The execution of a trust agreement, indenture, or other instrument securing the bonds.
- (f) The pledge or assignment of any revenues of the community facilities district to the repayment of the bonds.
- (g) The investment of any bond proceeds and other revenues, including special tax revenues, by the trustee or fiscal agent in any securities or obligations described in the resolution, indenture, trust agreement, or other instrument providing for the issuance of the bonds. Investment subject to this subdivision shall comply with Section 53356.03. The resolution may provide for payment to the United States from any available revenues of a community facilities district of any excess investment earnings required to be rebated by federal law.

(h) The date or dates to be borne by the bonds and the time or times of maturity of the bonds and the place or places and time or times that the bonds shall be payable.

(i) The interest, fixed or variable, to be borne by the bonds.

(j) The denominations, form, and registration privileges of the bonds.

(k) Any other terms and conditions determined to be necessary by the legislative body.

SEC. 104. Section 53356.1 of the Government Code is amended to read:

53356.1. (a) As a cumulative remedy, if debt is outstanding, the legislative body may, not later than four years after the due date of the last installment of principal thereof, order that any delinquent special taxes levied in whole or in part for payment of the debt, together with any penalties, interest, and costs, be collected by an action brought in the superior court to foreclose the lien of special tax.

(b) The legislative body may, by resolution, adopted prior to the issuance of debt under this chapter, covenant for the benefit of debtholders to commence and diligently pursue any foreclosure action regarding delinquent installments of any amount levied as a special tax, in whole or in part, for the payment of interest or principal of any debt that is incurred, and, at any time may assign the causes of action arising from the foreclosure to a trustee or joint powers authority to do so on behalf of the debtholders. The resolution may specify a deadline for commencement of the foreclosure action and any other terms and conditions the legislative body determines reasonable regarding the foreclosure action.

(c) Except as provided in Section 53356.6, all special taxes, interest, penalties, costs, fees, and other charges that are delinquent at the time of the ordering of a foreclosure action shall be collected in the action. In the event that a lot or parcel of property has not been sold pursuant to judgment in the foreclosure action at the time that subsequent special taxes become delinquent, the court may include the subsequent special taxes, interest, penalties, costs, fees, and other charges in the judgment or modified judgment.

(d) For purposes of financing delinquent special taxes pursuant to Section 26220 of the Government Code, the legislative body may act as if it were a board of supervisors.

(e) Notwithstanding any other provision of this chapter, no trustee or joint powers authority shall be obligated to accept the tender of bonds in satisfaction of any obligation arising from a delinquent special tax, although either may do so if authorized to do so by the legislative body.

(f) An action to determine the validity of any bonds issued, any joint powers agreement entered into, and any related agreements entered into, by a joint powers agency acting pursuant to this section may be brought by the joint powers agency pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure. Any appeal from a judgment in the action shall be commenced within 30 days after entry of judgment.

SEC. 105. Section 53356.1.5 is added to the Government Code, to read:

53356.1.5. (a) This section applies if delinquent special taxes, together with any penalties, interest, and costs, are collected through the sale of the property by the tax collector pursuant to Chapter 7 (commencing with Section 3691) of Part 6 of Division 1 of the Revenue and Taxation Code.

(b) If the property is sold for at least the total amount necessary to redeem plus costs, as defined in Section 3698.5 of the Revenue and Taxation Code, the sale of the property shall extinguish the delinquent special taxes, interest, penalties, and costs included in the sale price.

(c) If the property is sold for less than the total amount necessary to redeem plus costs, as defined in Section 3698.5 of the Revenue and Taxation Code, all of the following apply:

(1) The portion of the sales price paid by the tax collector to the local agency on account of the delinquent special taxes shall be credited by the local agency first to the delinquent interest and redemption penalties, and then to the delinquent principal.

(2) The remainder of the delinquent special taxes and redemption penalties, if any, shall remain due and owing.

(3) Redemption penalties shall continue to accrue on the remaining unpaid delinquent special taxes.

(4) The remaining unpaid amount, with penalties, may be added as postjudgment delinquencies to any existing unsatisfied foreclosure judgment against the property, or may be collected in a new foreclosure action filed pursuant to this chapter.

SEC. 106. Section 53356.3 of the Government Code is amended to read:

53356.3. At any time after the tax collector has been relieved of his or her duty to collect sums under Section 53356.2 and before judgment in a foreclosure action, the local agency or trustee shall dismiss the action upon payment of all of the following:

(a) The amount of any delinquent special taxes together with any penalties, interest, and costs accrued thereon to date of complete payment hereunder.

(b) Costs of suit, including, but not limited to, litigation guarantees provided by title companies with respect to all claims of ownership or interest in the subject property.

(c) Attorneys' fees authorized by the local agency.

(d) The tax collector's costs authorized by subdivision (d) of Section 53356.2.

SEC. 107. Section 53359.5 of the Government Code is amended to read:

53359.5. (a) The legislative body shall, no later than 30 days prior to the sale of any bonds pursuant to this article, give written notice of the proposed sale to the California Debt and Investment Advisory Commission by mail, postage prepaid, or by any other method approved by the California Debt and Investment Advisory Commission, as required by Chapter 11.5 (commencing with Section 8855) of Division 1 of Title 2.

(b) On and after January 1, 1993, each year after the sale of any bonds, including refunding bonds, pursuant to this article, and until the final maturity of the bonds, the legislative body shall, not later than October 30 of each

year, supply the following information to the California Debt and Investment Advisory Commission by mail, postage prepaid, or by any other method approved by the California Debt and Investment Advisory Commission:

- (1) Issuer name.
- (2) Community facilities district number or name.
- (3) Name, title, and series of the bond issue.
- (4) Credit rating and name of the rating agency.
- (5) Date of the bond issue and the original principal amount.
- (6) Reserve fund minimum balance required.
- (7) The principal amount of bonds outstanding.
- (8) The balance in the bond reserve fund.
- (9) The balance in the capitalized interest fund, if any.
- (10) The number of parcels that are delinquent with respect to their special tax payments, the amount that each parcel is delinquent, the total amount of special taxes due on the delinquent parcels, the length of time that each has been delinquent, when foreclosure was commenced for each delinquent parcel, the total number of foreclosure parcels for each date specified, and the total amount of tax due on the foreclosure parcels for each date specified.
- (11) The balance in any construction funds.
- (12) The assessed value of all parcels subject to special tax to repay the bonds as shown on the most recent equalized roll, the date of assessed value reported, and the source of the information.
- (13) The total amount of special taxes due, the total amount of unpaid special taxes, and whether or not the special taxes are paid under the county's Teeter Plan (Chapter 6.6 (commencing with Section 54773)).
- (14) The reason and the date, if applicable, that the issue was retired.
- (15) Contact information for the party providing the information.

(c) In addition, with respect to any bonds sold pursuant to this article, regardless when sold, and until the final maturity of the bonds, the legislative body shall notify the California Debt and Investment Advisory Commission by mail, postage prepaid, or by any other method approved by the California Debt and Investment Advisory Commission, within 10 days if any of the following events occur:

- (1) The local agency or its trustee fails to pay principal and interest due on any scheduled payment date.
- (2) Funds are withdrawn from a reserve fund to pay principal and interest on the bonds that reduce the reserve fund to less than the reserve requirement.
- (d) Neither the legislative body nor the California Debt and Investment Advisory Commission shall be liable for any inadvertent error in reporting the information required by this section.

SEC. 108. Section 53360 of the Government Code is amended to read:
53360. The community facilities district may sell the bonds so issued at the times or in the manner the legislative body deems to be to the public interest. However, except as otherwise provided in Section 53360.4, all bonds shall be sold on sealed proposals or through generally accepted electronic means to the highest bidder, after advertising for bids by publication of notice of sale pursuant to Section 53692. If no bids are

received or if the legislative body determines that the bids received are not satisfactory as to price or responsibility of the bidders, the legislative body may reject all bids received, if any, and either readvertise or sell the bonds at private sale.

SEC. 109. Section 53362.5 of the Government Code is amended to read:

53362.5. Refunding bonds shall not be issued if the total interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds exceeds the total interest cost to maturity on the bonds to be refunded plus the principal amount of the bonds to be refunded. Subject to these limitations, the principal amount of the refunding bonds may be more than, less than, or the same as the principal amount of the bonds to be refunded.

SEC. 110. Section 53363.7 of the Government Code is amended to read:

53363.7. The designated costs of issuing the refunding bonds, as defined by Section 53363.8, may be paid by the purchaser of the refunding bonds or may be paid from any other legally available source, including any available revenues of the legislative body, the proceeds of sale of the refunding bonds, the interest or other gain derived from the investment of any of the proceeds of sale of the refunding bonds, or any combination thereof, as determined by the legislative body. However, any amounts paid by the local agency other than from the proceeds of sale of the refunding bonds or from interest or other gains derived from the investment of the proceeds of sale shall be added to the total interest cost to maturity on the refunding bonds in determining whether the issuance of the refunding bonds complies with Section 53362.5.

SEC. 111. Section 53364.2 of the Government Code is amended to read:

53364.2. (a) If further facilities or services are authorized to be financed by the district, savings achieved through the issuance of refunding bonds may be used by the legislative body for those purposes.

(b) If no further facilities or services are authorized to be financed by the district, any savings achieved through the issuance of refunding bonds shall be used by the legislative body to reduce the special taxes levied to retire outstanding bonds.

(c) Savings achieved through the issuance of refunding bonds may be used pursuant to both subdivisions (a) and (b) in proportions determined by the legislative body.

(d) For purposes of this section, the terms “savings achieved through the issuance of refunding bonds” means the difference between the principal and interest to maturity of the refunded bonds and the principal and interest to maturity of the refunding bonds.

(e) If savings are to be used for authorized facilities, bonds may be issued that are secured by that savings.

SEC. 112. Section 53364.5 of the Government Code is amended to read:

53364.5. Any bonds issued by the district may be made callable by resolution of the legislative body adopted at or prior to the time of issuing the bonds. When bonds are made callable a statement to that effect shall be set forth on the face of the bonds. Callable bonds may be redeemed on any

date prior to their fixed maturity in the amounts, manner, and prices prescribed by the legislative body.

SEC. 113. Section 53753 of the Government Code is amended to read:

53753. (a) The notice, protest, and hearing requirements imposed by this section supersede any statutory provisions applicable to the levy of a new or increased assessment that is in existence on the effective date of this section, whether or not that provision is in conflict with this article. Any agency that complies with the notice, protest, and hearing requirements of this section shall not be required to comply with any other statutory notice, protest, and hearing requirements that would otherwise be applicable to the levy of a new or increased assessment, with the exception of Division 4.5 (commencing with Section 3100) of the Streets and Highways Code. If the requirements of that division apply to the levy of a new or increased assessment, the levying agency shall comply with the notice, protest, and hearing requirements imposed by this section as well as with the requirements of that division.

(b) Prior to levying a new or increased assessment, or an existing assessment that is subject to the procedures and approval process set forth in Section 4 of Article XIII D of the California Constitution, an agency shall give notice by mail to the record owner of each identified parcel. Each notice shall include the total amount of the proposed assessment chargeable to the entire district, the amount chargeable to the record owner's parcel, the duration of the payments, the reason for the assessment and the basis upon which the amount of the proposed assessment was calculated, and the date, time, and location of a public hearing on the proposed assessment. Each notice shall also include, in a conspicuous place thereon, a summary of the procedures for the completion, return, and tabulation of the assessment ballots required pursuant to subdivision (c), including a statement that the assessment shall not be imposed if the ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment, with ballots weighted according to the proportional financial obligation of the affected property. An agency shall give notice by mail at least 45 days prior to the date of the public hearing upon the proposed assessment.

(c) Each notice given pursuant to subdivision (b) shall contain an assessment ballot that includes the agency's address for receipt of the form and a place where the person returning the assessment ballot may indicate his or her name, a reasonable identification of the parcel, and his or her support or opposition to the proposed assessment. Each assessment ballot shall be in a form that conceals its contents once it is sealed by the person submitting the assessment ballot. Each assessment ballot shall be signed and either mailed or otherwise delivered to the address indicated on the assessment ballot. Regardless of the method of delivery, all assessment ballots shall be received at the address indicated, or the site of the public testimony, in order to be included in the tabulation of a majority protest pursuant to subdivision (e). Assessment ballots shall remain sealed until the tabulation of ballots pursuant to subdivision (e) commences, provided that an assessment ballot may be submitted, or changed, or withdrawn by the

person who submitted the ballot prior to the conclusion of the public testimony on the proposed assessment at the hearing required pursuant to subdivision (d). An agency may provide an envelope for the return of the assessment ballot, provided that if the return envelope is opened by the agency prior to the tabulation of ballots pursuant to subdivision (e), the enclosed assessment ballot shall remain sealed as provided in this section.

(d) At the time, date, and place stated in the notice mailed pursuant to subdivision (b), the agency shall conduct a public hearing upon the proposed assessment. At the public hearing, the agency shall consider all objections or protests, if any, to the proposed assessment. At the public hearing, any person shall be permitted to present written or oral testimony. The public hearing may be continued from time to time.

(e) (1) At the conclusion of the public hearing conducted pursuant to subdivision (d), an impartial person designated by the agency who does not have a vested interest in the outcome of the proposed assessment shall tabulate the assessment ballots submitted, and not withdrawn, in support of or opposition to the proposed assessment. In a city, the impartial person may include, but is not limited to, the clerk of the agency. The impartial person may use technological methods of tabulating the assessment ballots, including, but not limited to, punchcard or optically readable (bar-coded) assessment ballots. During and after the tabulation, the assessment ballots shall be treated as disclosable public records, as defined in Section 6252, and equally available for inspection by the proponents and the opponents of the proposed assessment.

In the event that more than one of the record owners of an identified parcel submits an assessment ballot, the amount of the proposed assessment to be imposed upon the identified parcel shall be allocated to each ballot submitted in proportion to the respective record ownership interests or, if the ownership interests are not shown on the record, as established to the satisfaction of the agency by documentation provided by those record owners.

(2) A majority protest exists if the assessment ballots submitted, and not withdrawn, in opposition to the proposed assessment exceed the assessment ballots submitted, and not withdrawn, in its favor, weighting those assessment ballots by the amount of the proposed assessment to be imposed upon the identified parcel for which each assessment ballot was submitted.

(3) If there is a majority protest against the imposition of a new assessment, or the extension of an existing assessment, or an increase in an existing assessment, the agency shall not impose, extend, or increase the assessment.

(4) The majority protest proceedings described in this subdivision shall not constitute an election or voting for purposes of Article II of the California Constitution or of the California Elections Code.

SEC. 114. Section 3712 of the Revenue and Taxation Code is amended to read:

3712. The deed conveys title to the purchaser free of all encumbrances of any kind existing before the sale, except:

(a) Any lien for installments of taxes and special assessments, that installments will become payable upon the secured roll after the time of the sale.

(b) The lien for taxes or assessments or other rights of any taxing agency that does not consent to the sale under this chapter.

(c) Liens for special assessments levied upon the property conveyed that were, at the time of the sale under this chapter, not included in the amount necessary to redeem the tax-defaulted property, and, where a taxing agency that collects its own taxes has consented to the sale under this chapter, not included in the amount required to redeem from sale to the taxing agency.

(d) Easements constituting servitudes upon or burdens to the property; water rights, the record title to which is held separately from the title to the property; and restrictions of record.

(e) Unaccepted, recorded, irrevocable offers of dedication of the property to the public or a public entity for a public purpose, and recorded options of any taxing agency to purchase the property or any interest therein for a public purpose.

(f) Unpaid assessments under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code) that are not satisfied as a result of the sale proceeds being applied pursuant to Chapter 1.3 (commencing with Section 4671) of Part 8, or that are being collected through a foreclosure action pursuant to Part 14 (commencing with Section 8830) of Division 10 of the Streets and Highways Code. A sale pursuant to this chapter shall not nullify, eliminate, or reduce the amount of a foreclosure judgment pursuant to Part 14 (commencing with Section 8830) of Division 10 of the Streets and Highways Code.

(g) Any federal Internal Revenue Service liens that, pursuant to provisions of federal law, are not discharged by the sale, even though the tax collector has provided proper notice to the Internal Revenue Service before that date.

(h) Unpaid special taxes under the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code) that are not satisfied as a result of the sale proceeds being applied pursuant to Chapter 1.3 (commencing with Section 4671) of Part 8, or that are being collected through a foreclosure action pursuant to Section 53356.1 of the Government Code. A sale pursuant to this chapter shall not nullify, eliminate, or reduce the amount of a foreclosure judgment pursuant to Section 53356.1 of the Government Code.

SEC. 115. Section 3110 of the Streets and Highways Code is amended to read:

3110. (a) The proposed boundaries of the district to be specially taxed or assessed in proceedings shall be described by resolution or ordinance adopted by the legislative body prior to the hearing on the formation or extent of the district. The description of the proposed boundaries shall be by reference to a map of the district that shall indicate by a boundary line the extent of the territory included in the proposed district and the map shall govern for all details as to the extent of the district. The map shall also

contain the name of the city and a distinctive designation, in words or by number, of the district shown on the map.

(b) The map shall be legibly drawn, printed or reproduced by a process that provides a permanent record. Each sheet of paper or other material used for the map shall be 18 by 26 inches in size, shall have clearly shown therein the particular number of the sheet, the total number of sheets comprising the map, and its relation to each adjoining sheet, and shall have encompassing its border a line that leaves a blank margin one inch in width.

The map shall be labeled substantially as follows: Proposed Boundaries of (here insert name or number of district) (here insert name of city and county thereafter), State of California.

In addition, if the resolution of intention to create the district proposes that some or all tax or bond proceeds of the district would be used to pay for cleanup of any hazardous substance, the map label shall include the following statement in large, conspicuous letters:

TAXES LEVIED BY THIS DISTRICT MAY BE USED TO PAY FOR CLEANUP OF HAZARDOUS SUBSTANCES.

If the map consists of more than one page, the same entitlement shall be on each page.

The map shall also have thereon legends reading substantially as follows:

(1) Filed in the office of the (clerk of the legislative body) this ____ day of ____, 20__.

(Clerk of the legislative body)

(2) I hereby certify that the within map showing proposed boundaries of (here insert name or number of district) (here insert name of city, and, if not a county, insert name of county thereafter), State of California, was approved by the city council (or other appropriate legislative body) of the (here insert city) at a regular meeting thereof, held on the ____ day of ____, 20__, by its Resolution No. ____.

(3) Filed this ____ day of ____, 20__, at the hour of ____ o'clock _m. in Book ____ of Maps of Assessment and Community Facilities Districts at page ____, in the office of the county recorder in the County of ____, State of California.

(County Recorder of County of _____)

SEC. 116. Section 3113 of the Streets and Highways Code is amended to read:

3113. The legislative body shall not order a modification in the boundaries of a district shown on a previously filed map of the district unless the legislative body describes the proposed modification by reference to an amended map of the district boundary. The amended map shall be approved by resolution adopted by the legislative body and the clerk of the legislative body shall file the amended map showing the modification of boundaries of the district with the county recorder not later than 15 days after the resolution of the legislative body approving the amended boundary. The map shall also contain the legends provided for in Section 3110.

The county recorder shall endorse upon the modified or amended boundary map the time and date of the filing and shall fasten the same securely in a book of maps of assessment and community facilities districts that the county recorder keeps in his or her office pursuant to Section 3112. The county recorder shall cross-index the amended boundary map by reference to page and book of maps of assessment and community facilities districts in which the original boundary map of the affected district was filed.

The amended boundary map shall include on its face that it amends the boundary map for (here insert name or number of district or both name and number of district, together with city or county, or both city and county), State of California, prior recorded at Book ___ of Maps of Assessment and Community Facilities Districts at page __, in the office of the County Recorder for the County of ____, State of California.

SEC. 117. Section 3114.5 of the Streets and Highways Code is amended to read:

3114.5. (a) This section applies only to community facilities districts.

(b) Within 15 days, in the case of a landowner vote, or 90 days, in the case of a registered voter election, after determination pursuant to Section 53328 of the Government Code that the requisite number of voters is in favor of the levy of a special tax, the clerk of the legislative body shall execute and record a notice of special tax lien in the office of the county recorder of each county in which all or any part of the community facilities district is located, and the county recorder shall accept that notice. The county recorder shall index the notice of special tax liens to the names of the property owners within the community facilities district and shown in the notice, as grantors. The notice of special tax lien shall contain the information required by Section 27288.1 of the Government Code and shall be in substantially the following form:

NOTICE OF SPECIAL TAX LIEN

Pursuant to the requirements of Section 3114.5 of the Streets and Highways Code and Section 53328.3 of the Government Code, the undersigned clerk of the legislative body of ____, State of California, hereby gives notice that a lien to secure payment of a special tax is hereby imposed by the (here insert name of legislative body) of (here insert city and name of county thereafter), State of California. The special tax secured by this lien is authorized to be levied for the purpose of: (as applicable) (1) paying

principal and interest on bonds, the proceeds of which are being used to finance (briefly describe facilities financed); (2) providing (briefly describe facilities financed without bonds); (3) providing (briefly describe services being financed).

If all or any portion of the proceeds of taxes or bonds of the district are authorized to be used to pay for cleanup of hazardous substances pursuant to subdivision (f) of Section 53313 of the Government Code, the notice shall also contain the following statement in large conspicuous type:

TAXES LEVIED BY THIS DISTRICT MAY BE USED TO PAY FOR CLEANUP OF HAZARDOUS SUBSTANCES.

The special tax is authorized to be levied within Community Facilities District No. ____ that has now been officially formed and the lien of the special tax is a continuing lien that shall secure each annual levy of the special tax and that shall continue in force and effect until the special tax obligation is prepaid, permanently satisfied, and canceled in accordance with law or until the special tax ceases to be levied and a notice of cessation of special tax is recorded in accordance with Section 53330.5 of the Government Code.

The rate, method of apportionment, and manner of collection of the authorized special tax is as follows: (here insert verbatim the description of the rate, method of apportionment, and manner of collection from the resolution of formation of the community facilities district). Conditions under which the obligation to pay the special tax may be prepaid and permanently satisfied and the lien of the special tax canceled are as follows: (here insert the conditions set forth in the resolution of formation or, if no provision has been made for prepayment of the special tax obligation, so state).

Notice is further given that upon the recording of this notice in the office of the county recorder, the obligation to pay the special tax levy shall become a lien upon all nonexempt real property within Community Facilities District No. ____ in accordance with Section 3115.5 of the Streets and Highways Code.

The name(s) of the owner(s) and the assessor's tax parcel number(s) of the real property included within this community facilities district and not exempt from the special tax are as follows: (insert name(s) of owner(s) and tax parcel number(s) shown on assessment roll).

Reference is made to the boundary map (or the amended boundary map) of the community facilities district recorded at Book ____ of Maps of Assessment and Community Facilities Districts at Page ____, in the office of the County Recorder for the County of ____, State of California which map is now the final boundary map of the community facilities district.

For further information concerning the current and estimated future tax liability of owners or purchasers of real property subject to this special tax lien, interested persons should contact (here provide name, address, and telephone number of the appropriate office, department, or bureau of the

public entity designated pursuant to Section 53340.2 of the Government Code).

(c) The county recorder shall endorse upon the notice the time and date of filing, and shall cross index the notice by reference to the page of the book of maps of assessment and community facilities districts in which the boundary map of the district was filed.

SEC. 118. Section 3115.5 of the Streets and Highways Code is amended to read:

3115.5. (a) This section applies only to community facilities districts.

(b) From the date of the recording in the office of the county recorder pursuant to Section 3114.5, or if the community facilities district is located in two or more counties, then from the date of the recording in the office of each county recorder where a notice is recorded, all persons are deemed to have notice of the contents of the Notice of Special Tax Lien with respect to parcels in that county.

(c) Upon the date of the recordings made pursuant to subdivision (b), the notice of special tax lien shall impose a lien upon all nonexempt real property in the district within that county. The lien imposed pursuant to this section shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until the special tax ceases to be levied and a notice of cessation of special tax is recorded in accordance with Section 53330.5 of the Government Code.

SEC. 119. Section 3117.5 of the Streets and Highways Code is amended to read:

3117.5. (a) In the event of amendment or modification of, or annexation to, the boundaries of a community facilities district, an amendment to the Notice of Special Tax Lien shall be prepared and recorded under the procedure of Section 3114.5. In the listing of property owners, the amended notice need only list separately the names of the owners and assessor's tax parcel numbers of parcels being added to the district and the names of the owners and assessor's parcel numbers of parcels being excluded from the district. This amendment need not supersede the existing notice.

(b) If any proceedings subsequent to the approval by the voters of a special tax pursuant to the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code, result in a change in the authorization to levy a special tax or to issue bonds, or a change in the facilities or services authorized to be financed, the clerk of the legislative body shall record an amendment to the original (or, if it has been superseded, the most recent) Notice of Special Tax Lien and any amendments thereto that shall reference the recorder's serial or document number and recording date of that notice and any amendments to it and shall clearly set forth the changes.

SEC. 120. Section 8837 is added to the Streets and Highways Code, to read:

8837. This section applies if delinquent assessment installments, together with any penalties, interest, and costs, are collected through the sale of the

property by the tax collector pursuant to Chapter 7 (commencing with Section 3691) of Part 6 of Division 1 of the Revenue and Tax Code.

(a) If the property is sold for at least the total amount necessary to redeem plus costs, as defined in Section 3698.5 of the Revenue and Taxation Code, the sale of the property shall extinguish the delinquent assessment installments, interest, penalties, and costs included in the sale price.

(b) If the property is sold for less than the total amount necessary to redeem plus costs, as defined in Section 3698.5 of the Revenue and Taxation Code, the following applies:

(1) The portion of the sales price paid by the tax collector to the local agency on account of the delinquent assessment installments shall be credited by the local agency first to delinquent interest and redemption penalties, and then to delinquent principal.

(2) The remainder of the delinquent assessment installments and redemption penalties, if any, shall remain due and owing.

(3) Redemption penalties shall continue to accrue on remaining unpaid delinquent assessment installments.

(4) The remaining unpaid amount, with penalties, may be added as postjudgment delinquencies to any existing unsatisfied foreclosure judgment against the property, or may be collected in a new foreclosure action filed pursuant to this chapter.